

HOUSING AND HOMELESSNESS COMMITTEE REPORT relative to the current status of the receivership of the Skid Row Housing Trust (SRHT) portfolio.

Recommendations for Council action, SUBJECT TO THE APPROVAL THE MAYOR:

1. AUTHORIZE the Controller to:
  - a. Process a Reserve Fund loan for up to \$14,500,000 and transfer \$14,500,000 from the Reserve Fund No. 101/62, through General Fund No. 100/58, and appropriate therefrom to a new appropriation Account No. 43YC87-Skid Row Housing Trust Receivership Properties within the City of LA Affordable Housing Trust Fund No. 44G/43.
  - b. Deposit any repayments or remittances related to the super priority lien on Skid Row Housing Trust Properties in Account No. 43YC87 for repayment of loans disbursed.
2. AUTHORIZE the General Manager, Los Angeles Housing Department (LAHD), or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute a receiver's certificate and related documents, including but not limited to a deed of trust and regulatory agreement, to lend up to \$13,359,070 (\$14,500,000 minus \$1,140,930 for the Housing Authority of Los Angeles [HACLA]) to Receivership Specialists, a California corporation, the receiver in the matter of *City of Los Angeles v. Crest Apartments LP, et al.* Case No. 23STCP01011 pending in the Los Angeles County Superior Court to pay the costs of the former receiver's tenure as ordered by the Court, and to support the current receiver's operation through March 2024 of the Properties located at the addresses below, collectively referred to as "the Skid Row Housing Trust Properties."
  - a. Flor 401 Lofts: 401 East 7th Street, Los Angeles, California 90014
  - b. Senator Hotel Apartments: 729 South Main Street, Los Angeles, CA 90014
  - c. San Pedro House Apartments: 647 South San Pedro Street, Los Angeles, CA 90014
  - d. SP7 Apartments: 519 East 7th Street, Los Angeles, California 90014
  - e. 649 Lofts: 649 Wall Street, Los Angeles, California, 90014
  - f. Olympian Hotel Apartments: 1201 East 7th Street, Los Angeles, California 90021
  - g. Las Americas Hotel Apartments: 1205 East 6th Street, Los Angeles California 90021

- h. Abbey Apartments: 625 San Pedro Street, Los Angeles California, 90014
  - i. Charles Cobb Apartments: 521 San Pedro Street, Los Angeles, California 90013
  - j. Boyd Hotel: 224 East Boyd Street, Los Angeles, California 90013
  - k. St. George Hotel: 115 East 3rd Street, Los Angeles California 90013
  - l. Dewey Hotel: 721 South Main Street, Los Angeles, California 90014
  - m. Edward Hotel: 713 East 5th Street, Los Angeles California 90013
  - n. Hart Hotel: 508 East 4th Street, Los Angeles California 90013
  - o. Lincoln Hotel: 549-551 Ceres Avenue, Los Angeles California 90021
  - p. New Carver Apartments: 1624 South Hope St. and 325 West 17th St., Los Angeles California 90015
  - q. Genesis Apartments: 452-458 South Main Street, Los Angeles California 90013
  - r. Produce Hotel Apartments: 676 South Central Avenue, Los Angeles, California 90021
  - s. Rainbow Apartments: 643 South San Pedro Street, Los Angeles, California 90014
  - t. Sanborn Hotel: 526 South Main Street, Los Angeles, California 90013
  - u. Crescent Hotel: 617 East 5th Street, Los Angeles, California 90013
  - v. St. Mark's Hotel: 611 East 5th Street, Los Angeles, California 90013
3. AUTHORIZE the Controller's office to establish a new account No. 43Y722 - Technical Contracts; and, APPROPRIATE \$500,000 from the cash balance within the Foreclosure Registry Program Fund No. 56V/43.
4. AUTHORIZE the General Manager, LAHD, or designee, to:
- a. Increase the amount of Contract No. C-144080 with Keyser Marston Associates, Inc., by \$500,000 to provide expert analysis and advice regarding the financial structuring of affordable and supportive housing projects and programs, support implementation of financial restructuring efforts, and provide additional services as needed consistent with the terms of the current contract, in the event the City acquires title to any of the properties.

- b. Execute a contract for property and/or asset management with the Housing Authority of the City of Los Angeles, or other to-be-determined qualified entity, for up to a two-year term in an amount not to exceed \$6,000,000 in the event the City acquires title to any of these properties with the first \$1,140,930 of the contract amount to be funded by Account No. 43YC87 within the Affordable Housing Trust Fund No. 44G/43 and the balance to be from any balance from the \$13,359,070 loan to the Receivership Specialist.
  - c. Prepare and issue a Request for Proposals to solicit qualified entities for the purchase and operation of the Skid Row Housing Trust Properties.
  - d. Prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.
  - e. Prepare Controller instructions to repay up to \$14,500,000 from the General Fund Reserve from any amounts remaining in Account No. 43YC87 within the Affordable Housing Trust Fund No. 44G/43 after all the properties have been transferred to new owners and the receivership accounts have been settled by the Court.
5. DIRECT the General Manager, LAHD, to report by March 31, 2023 on additional sources to repay the General Fund Reserve.

Fiscal Impact Statement: The LAHD reports taking the recommended actions as detailed in the November 22, 2023 LAHD report, attached to the Council file, will result in an impact to the General Fund of \$14,500,000.

Community Impact Statement: None submitted.

Summary:

On November 29, 2023, your Committee considered a November 22, 2023 LAHD report relative to the current status of the receivership of the SRHT portfolio. According to the LAHD,

The General Manager of the Los Angeles Housing Department (LAHD) respectfully reports on the current status of the receivership of the Skid Row Housing Trust (SRHT) portfolio and requests several actions to ensure the ongoing operation of the SRHT properties through the anticipated conclusion of the receivership and pending disposition of the portfolio. As explained in detail below, LAHD requests authorization necessary to expend up to \$14.5 million to support the operation, necessary capital improvements, and work related to the disposition of the SRHT portfolio up to the end of the current fiscal year on June 30, 2024, and an additional \$500,000 to retain consultants necessary to develop and initiate a recapitalization and development strategy for the SRHT properties.

This funding request also includes the funds necessary to pay the final amount owed to the former receiver, as determined pursuant to a Court-ordered final accounting. The report also provides additional information on the steps for efficiently concluding the current receivership, including the potential sale of the SRHT properties remaining in the receivership as of the first quarter of 2024, and ongoing management and operation of those properties should any SRHT properties be acquired by the City through the receiver sale. It is anticipated that additional funding will be needed during Fiscal Year 2024-2025 (FY25) for the ongoing operation, maintenance, and disposition of properties within the SRHT portfolio. The amount of funding necessary is dependent upon a number of factors, including how quickly the properties are able to exit from the receivership and be positioned for outside partners to take over their operations. As such, additional funding needed in FY25 will be requested through the City's regular budget process or through a separate report as necessary. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the LAHD report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Housing and Homelessness Committee

<b>COUNCILMEMBER</b>	<b>VOTE</b>
RAMAN:	YES
BLUMENFIELD:	YES
HARRIS-DAWSON:	YES
RODRIGUEZ:	YES
LEE:	YES

ARL

11/29/23

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**