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City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT

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Los Angeles, CA 90017  
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Eric Garcetti, Mayor

October 25, 2021

Council File: 21-0112  
Council Districts: Citywide  
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Honorable Eric Garcetti  
Mayor, City of Los Angeles  
200 N. Spring Street, Room 303  
Los Angeles, CA 90012

Honorable Members of the City Council  
City of Los Angeles  
c/o City Clerk, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REPORT BACK ON THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT HOMEKEY PROGRAM AND RECOMMENDATIONS TO SECURE FUNDING**

**SUMMARY**

The General Manager of the Los Angeles Housing Department (LAHD) respectfully responds to Council Motion (Martinez-O'Farrell, C.F. No. 21-0112) in relation to the State of California's Homekey Program (Homekey). The State budget authorizes \$2.75 billion for Homekey, including \$1.45 billion in the current fiscal year and \$1.3 billion in Fiscal Year 2022-23, for property acquisitions that will expand the housing inventory for people experiencing homelessness or at risk of homelessness. In the current fiscal year, the State of California Department of Housing and Community Development (HCD) has allocated \$358 million of Homekey funding to the Los Angeles County geographic area. This report outlines recommendations to authorize the submission of the City's applications for Homekey funding and allocate the necessary funds.

LAHD has identified \$145.2 million from available HHH, HOME-American Rescue Plan, CDBG-CV and CDBG reprogramming funds for Project Homekey Round2. This is sufficient to fund property acquisition, due diligence, necessary rehabilitation and operating reserves for the City's first 450 units, as well as 350 units to be purchased by the Housing Authority of the City of Los Angeles (HACLA). Due to strong interest in acquiring as many properties and securing as much Project Homekey match as possible LAHD has also evaluated the total costs of acquiring, rehabilitating and operating an additional 300 units, which would require another \$86.116 million from as yet unidentified City funds. This report recommends approving acquisition of all 750 units, and the submission of the Project Homekey applications, using the \$145.2 million in available funds, with direction to the CAO and LAHD to return within 30 days with a recommendation on the sources of the \$86.116 million that will be needed to pay for rehabilitation, accessibility improvements, and operating reserves. With this authorization LAHD and HACLA will work to secure agreements to purchase a total of 1,100 units with property sellers and submit proposals to HCD for the matching funds, which will be awarded by February.

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## **RECOMMENDATIONS**

- I. That the City Council, subject to the approval of the Mayor:
  - A. APPROVE the following funding sources and amounts, upon receipt and availability, for Homekey local match requirements for property acquisitions, closing cost, due diligence, and property management costs incurred for successful Homekey Program applications:
    - \$59 million of Proposition HHH funding;
    - \$10 million of Community Development Block Grant CARES (CDBG-CV) Act Program;
    - \$60 million of Home Investment Partnerships Program (HOME) – American Rescue Plan (ARP); and
    - \$16.2 million of CDBG reprogrammed funds as described in Recommendation E.
  - B. AUTHORIZE the General Manager of LAHD, or designee, to enter into a Professional Services Agreement (Attachment A), which is to be reviewed and approved by the City Attorney as to form and legality, with the Housing Authority of the City of Los Angeles; outlining the roles and responsibilities as co-applicants per the State of California Homekey Program Notice of Funding Availability;
  - C. AUTHORIZE the General Manager of LAHD, or designee, to apply on behalf of the City to the State of California Homekey Program Notice of Funding Availability, with the Housing Authority of the City of Los Angeles serving as the co-applicant, for a maximum amount of up to \$252.03 million. This amount includes \$206.25 million for capital expenditures, \$30.78 million in capitalized operating subsidies, and \$15 million in bonus funds for capital and operating. The City will prioritize the purchase of properties that can be quickly placed in service as supportive housing;
  - D. AUTHORIZE the General Manager of LAHD, or designee, to issue loans to HACLA for a total amount not to exceed \$15 million to be used as Homekey local match requirements for HACLA property acquisitions Homekey applications;
  - E. INSTRUCT the Community Investment for Families Department to return with a recommendation to allocate up to \$16.2 million of CDBG-reprogramming funds to be used for Homekey local match requirements;
  - F. AUTHORIZE the General Manager of LAHD, or designee, to release a Request for Proposals (RFP, Attachment B), to select qualified owner and operators for awarded Homekey projects;
  - G. INSTRUCT the City Attorney to work with LAHD to develop a purchase and sale agreement, deed of trust, promissory note, regulatory agreement, and any other necessary legal documents to transfer ownership of approved Homekey Program properties to the selected operators with financing to ensure the City's interests and the sites' use meet the goals and requirements of the City and the Homekey Program;

- H. INSTRUCT the City Attorney to work with LAHD to develop a promissory note deed of trust, regulatory agreement, and any other necessary legal documents to execute loan agreements with HACLA to purchase Homekey properties, ensuring the City's interests and the sites' use meet the goals of the City and the Homekey Program;
- I. ADOPT the authorizing resolution (see Attachment C), as required by the State of California Department of Housing and Community Development, in order to submit the Homekey program application;
- J. INSTRUCT LAHD to report back on specific properties and to request approval of the individual authorizing resolutions for each successful project, prior to executing the Standard Agreement with the State of California;
- K. AUTHORIZE the Los Angeles Housing Department to prepare Controller Instructions and make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, consistent with the Mayor and Council action in this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions; and
- L. INSTRUCT the City Administrative Officer to identify available funding for a total amount not to exceed \$86,116,000 to be used for local match requirements, due diligence, rehabilitation and operating reserves to bring the total number of Project Homekey Round 2 units from 450 to 750.

## **BACKGROUND**

California's Homekey Program provides grant funding to cities, counties, and other local public entities, including housing authorities, to expand the inventory of housing for people experiencing homelessness or at risk of homelessness. California's fiscal year 2021-22 budget authorizes \$2.75 billion, including \$1.45 billion in the current fiscal year and \$1.3 billion in fiscal year 2022-23 to the State's successful Homekey Program. The California Department of Housing and Community Development (HCD) has issued the Homekey Notice of Funding Availability (NOFA) and started accepting applications in late September 2021; applications will be accepted through May 2, 2022.

The Homekey NOFA allocates Homekey funding by geographical region based upon each region's proportionate share of people experiencing homelessness of both the sheltered and unsheltered 2019 Homeless Point-in-Time counts and extremely-low income renter households paying more than 50 percent of their income for rent. Based on this formula, Los Angeles County was allocated approximately \$358 million of State Homekey funding. The NOFA establishes a four-month priority application period from the release date of the Homekey application in late September through January 31, 2022. During the priority period, successful applications will be funded through the geographical allocations of Homekey funding. After January 31, 2022, Homekey applications will compete statewide.

### **Homekey Acquisition Grants and Local Match Requirements**

The focus of the Homekey program is the rapid acquisition and occupancy of properties to provide permanent supportive housing, while also allowing for property acquisitions that provide interim housing that can be converted to permanent housing. The Homekey NOFA provides a baseline grant amount per unit for property acquisitions that varies according to unit size and population served as follows:

**Homekey Baseline Grant Amounts by Unit Size**

- \$150,000 per unit for studio and one-bedroom units.
- \$175,000 per unit for two-bedroom units.
- \$200,000 per unit for three-bedroom or larger units

**Homekey Baseline Grant Amount by Population Served**

- \$175,000 per unit for Transition Aged Youth or Youth at Risk of Homelessness.
- \$200,000 per unit for those experiencing Chronic Homelessness.

These Homekey baseline grant amounts require no local acquisition match from the City. However, if the City provides a local acquisition match, Homekey will increase its grant amount on a 1:1 basis up to \$100,000 per unit. Thus, if the City contributes a matching amount of \$100,000 or more per unit, Homekey will grant up to an additional \$100,000 per unit resulting in a maximum Homekey grant amount of \$300,000 per unit. For successful Homekey applications submitted prior to January 31, 2022, Homekey will grant an additional \$10,000 per unit as an incentive that can be used for property acquisition or operating subsidy. LAHD will use the LAHSA Point In Time Count to determine the target population for the respective Project Homekey sites.

Table 1, below, shows the maximum Homekey grant and required City match by unit purchase price.

<b>TABLE 1, MAXIMUM HOMEKEY AND REQUIRED CITY MATCH FOR ACQUISITION</b>				
<b>Sources</b>	<b>Acquisition Cost per Unit</b>			
	<b>\$200,000</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$450,000</b>
Max Homekey Grant	\$200,000	\$250,000	\$300,000	\$300,000
Required City Match	\$0	\$50,000	\$100,000	\$150,000

This report recommends applying for up to \$252,030,000 of Homekey funds. This would enable the City to acquire up to 750 units of supportive housing. The estimated match necessary for the City’s property acquisition including due diligence expenses is \$149.0 million. In addition to acquisition costs matched by the State the City will be responsible for funding \$82.316 million in rehabilitation and other project related costs.

In addition to \$59,000,000 in available HHH funds, \$60 million from the HOME American Rescue Plan fund, and \$10 million from the CDBG-CV account (pending approval), LAHD and the CAO with the support of CIFD have identified \$16.2 million in CDBG funds that can be reprogrammed for the City match.

Acquisition Strategy: Property Types and Potential Number of Units

A primary focus of Homekey is the rapid provision of permanent supportive housing for households experiencing homelessness or at risk of homelessness. Under the previous Homekey round, over 800 units were acquired, the majority for interim housing. Many of these properties were motels that will require significant rehabilitation and higher operating costs prior to converting to permanent housing. The operating costs for interim housing are \$80 to \$120 per night, or \$2,400-\$3,600/bed/month. The operating costs for permanent housing are \$1,000-\$1,400/bed/month.

In this Homekey round, we are selecting ready-to-use, never occupied apartment buildings that can be placed into service quickly and cost-effectively or extended stay hotels that need almost no improvements to become permanent housing. To minimize unforeseen high rehabilitation costs and contain operating costs, LAHD has prioritized newly constructed, never-occupied multi-family apartments and hotels with minimal rehabilitation needs that can be quickly occupied as permanent housing. This is consistent with the Homekey NOFA's competitive scoring criteria which requires that projects be completed within 12 months of the date of the award and then occupied in less than 90 days; and rewards projects that result in no permanent displacement of residents.

In order to provide economies of scale in the operation and management of properties and provision of tenant services, we are prioritizing properties of 40 or more units. LAHD and HACLA currently have a list of over 180 properties that have been considered for acquisition. These properties include a mix of existing hotels and newly constructed multi-family properties that have been identified by Council Offices or real estate brokers. LAHD is currently considering 13 projects that have purchase and sale agreements or letters of intent. The anticipated range of purchase price for properties is \$100,000 - \$400,000 per unit for hotels and \$400,000 - \$500,000 per unit for multi-family properties.

Most of these hotel properties have kitchens in the units, but will require life safety improvements. In addition, both hotels and newly constructed multi-family properties will require accessibility improvements to conform with the requirements of the City's Accessible Housing Program settlement agreements. The costs for required accessibility and life safety improvements is estimated to average \$50,000 per unit, for a total of \$22.5 million. These estimates will be refined in the due diligence and predevelopment period.

Although LAHD and HACLA did not envision that it would be possible to complete the acquisition and conversion of other types of properties such as adaptive reuse of warehouses or office buildings in the time period allowed, the Request for Proposals will allow experienced development teams to submit feasible proposals for specific properties that demonstrate the ability to be completed within twelve months. The proposal must demonstrate that the innovative project can be completed in a timely manner; is financially and operationally feasible, and conforms to the Project Homekey and City funding regulations.

### Operating Subsidy

Operating permanent supportive housing for people experiencing homelessness requires rental subsidies to pay sufficient tenant rents to cover operating costs such as utilities, insurance, security, onsite resident services and property management. On a typical project these run \$850 to \$1000 per unit per month. Operating interim housing costs \$80 - \$135 per unit per day. Typically, supportive housing projects have secured an allocation of Project-Based Rental Assistance (PBRA) vouchers from HACLA that subsidizes tenants' rents to provide adequate operating revenue. The number of available project-based vouchers are limited so HACLA has indicated that it has only up to 300 PBRA vouchers available to commit to the City's Homekey Round 2 acquisitions.

Without project-based housing vouchers, other forms of rental assistance or operating subsidies are necessary to ensure projects have sufficient capital to pay ongoing operating costs. In addition to Project Based Rental Assistance projects may be able to use a combination of Emergency Tenant Vouchers, or the Housing Choice tenant-based rental assistance, with operating reserve funds to help bridge gaps in availability. The Homekey program allows funding to be used as operating subsidies of up to \$1,000 - \$1,400 per unit per month for a period of up to three years if the City is able to commit a matching operating subsidy for a period of four or more years. To support the ongoing operation of Homekey properties, this report recommends the City match operating subsidies for a period of four years to fully

leverage available Homekey operating subsidies funding. The estimated amount necessary for the City's commitment to fund four years of operating subsidy for Homekey properties is estimated at \$41.04 million. This will make the City eligible for an additional \$30.78 million in Homekey funds for operating subsidy.

The City's matching commitment of operating subsidies along with Homekey's will only cover 7 years. To achieve financial sustainability as housing for extremely low income formerly homeless people for a period of no less than 15 years as required by the Homekey grant, projects will need to rely upon a combination of PBRAs, Tenant Based Rental Assistance (TBRA) vouchers, including Emergency Housing Vouchers allocated by the Federal Government and capitalized operating subsidies. As housing vouchers are allocated to Homekey properties, the operating subsidy amounts will be reduced. The estimated operating subsidy need for each Homekey property will be calculated at the time that acquisition packages are submitted to Council.

The Project Homekey regulations require a 55-year covenant as affordable housing, with at least the first 15 years covenanted for people experiencing homelessness. If operating subsidies are not available after fifteen years because initial tenants with tenant based vouchers have taken the vouchers to another building or community, HCD and the City would allow the units to then be leased to eligible tenants at a range of eligible incomes that would not require project subsidies for the remaining 40 years.

#### HACLA Roles & Responsibilities

Similar to Homekey Round 1, the City and HACLA will enter into a Professional Services Agreement (PSA) allowing HACLA to act on behalf of the City to negotiate and acquire properties, including completing all due diligence and escrow requirements on the City's behalf and making all purchase deposits, including up to \$250,000 in non-refundable deposits per property, as necessary. In accordance with the PSA, any deposits issued for City match-funded properties will be fully reimbursed to HACLA by the City. In addition, at escrow closing, the City will reimburse costs incurred by HACLA for pre-purchase property due diligence work, including obtaining title reports and appraisals, and performing environmental reviews and physical needs assessments. These costs are included in the total project costs covered by HCD and City match funds.

The City and HACLA will also enter into an Asset Management Agreement, Attachment F of the PSA, allowing HACLA to temporarily manage and operate awarded properties on behalf of the City. This will provide the necessary flexibility for the City to acquire sites and secure and manage properties, manage post-acquisition contracts for accessibility studies, engineering and architectural services, and permitting for necessary rehabilitation work. The costs incurred by HACLA for property acquisition, due diligence, and property management work is estimated to not exceed \$10 million and will be reimbursed by the City as eligible project costs in accordance with the PSA and Asset Management Agreements.

#### City Loan to HACLA

To assist HACLA in acquiring units for individuals and families experiencing homelessness, LAHD will loan HACLA \$15 million for acquisition match funds. The loan with HACLA will be repaid through residual receipts and will be monitored annually by LAHD. HACLA will acquire up to 350 supportive housing units which will be supported with project-based rental vouchers. HACLA has secured sources for debt for the required Homekey funding match. Project-based vouchers and other sources of operating subsidy will enable HACLA's Homekey acquisitions to meet their debt obligations. The City's participation with HACLA increases the pool of properties available for acquisition. The City

benefits by leveraging HACLA’s debt on the properties, thereby reducing the City’s acquisition cost per unit. In addition, HACLA’s project-based vouchers ensure the long-term viability of properties without the need for additional operating subsidy from the City. LAHD will provide up to \$15 million in loans to HACLA for Homekey project acquisitions. Loans will not exceed \$180,000 per unit, or \$10 million per building, will have an interest rate of 0%, a 55-year term and will comply with all applicable funding source requirements. The LAHD loans will be secured by HACLA-acquired Homekey properties and require 55-year regulatory agreements to ensure that long-term affordability and other City interests are achieved. These loans will be repaid through residual receipts revenues generated by the HACLA’s Homekey properties.

Funding Plan By Sources and Uses

<b>FUNDING SOURCES</b>					
<b>Phase 1 – 450 units</b>		<b>Phase 2 – 300 units</b>		<b>Total – 750 units</b>	
<b><u>Amount</u></b>	<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Account</u></b>
\$59,000,000	HHH			\$59,000,000	HHH
\$60,000,000	HOME- ARP			\$60,000,000	HOME- ARP
\$10,000,000	CDBG- CV			\$10,000,000	CDBG- CV
\$16,200,000	CDBG- Reprogramming			\$16,200,000	CDBG- Reprogramming
\$0	Unidentified Source	\$86,116,000	Unidentified Source	\$86,116,000	Unidentified Source
\$123,750,000	State Homekey	\$82,500,000	State Homekey	\$206,250,000	State Homekey
\$18,468,000	State Operating	\$12,312,000	State Operating	\$30,780,000	State Operating
\$9,000,000	State Bonus	\$6,000,000	State Bonus	\$15,000,000	State Bonus
<b>296,418,000</b>	<b>TOTAL</b>	<b>186,928,000</b>	<b>TOTAL</b>	<b>483,346,000</b>	<b>TOTAL</b>

<b>FUNDING USES</b>					
<b>Phase 1 – 450 units</b>		<b>Phase 2 – 300 units</b>		<b>Total – 750 units</b>	
<u>Amount</u>	<u>Use</u>	<u>Amount</u>	<u>Use</u>	<u>Amount</u>	<u>Use</u>
\$88,300,000	Acquisition of Eligible Properties (City Match)	\$60,700,000	Acquisition of Eligible Properties (City Match)	\$149,000,000	Acquisition of Eligible Properties (City Match)
\$123,750,000	Acquisition of Eligible Properties (State Match)	\$82,500,000	Acquisition of Eligible Properties (State Match)	\$206,250,000	Acquisition of Eligible Properties (State Match)
\$24,624,000	Operating Subsidies (City Match)	\$16,416,000	Operating Subsidies (City Match)	\$41,040,000	Operating Subsidies (City Match)
\$18,468,000	Operating Subsidies (State Match)	\$12,312,000	Operating Subsidies (State Match)	\$30,780,000	Operating Subsidies (State Match)
\$22,500,000	Rehabilitation / Accessibility Improvements	\$15,000,000	Rehabilitation / Accessibility Improvements	\$37,500,000	Rehabilitation / Accessibility Improvements
\$15,000,000	Loan to HACLA for Acquisition	\$0	Loan to HACLA for Acquisition	\$15,000,000	Loan to HACLA for Acquisition
\$3,776,000	Other Contingencies	\$0	Other Contingencies	\$3,776,000	Other Contingencies
<b>296,418,000</b>	<b>TOTAL</b>	<b>186,928,000</b>	<b>TOTAL</b>	<b>\$483,346,000</b>	<b>TOTAL</b>

The actual amount needed for operating subsidies and rehabilitation will vary based on the availability of rental vouchers, actual conditions of buildings, and other factors.

Additional Units

The \$145.2 million allocated in this transmittal would fully fund the first 450 units. However, the Homekey program has more funding available in the Los Angeles County geographic allocation that the City can leverage to acquire up to an additional 300 units. For the acquisition, rehabilitation, and operation of the additional 300 units, the City would need to allocate another \$86.16 million. LAHD will work with the CAO to identify additional sources of funding to leverage with the Project Homekey funds to purchase the additional 300 units or more.

Selection of Housing and Service Provider Partners

Similar to Homekey Round 1, properties purchased on behalf of the City will be transferred to housing providers with experience successfully operating supportive housing and managing similar projects through a competitive Request for Proposals (RFP) process. The selected housing providers will be responsible for operating properties as permanent

supportive housing and/or interim housing projects that will be financially feasible, well maintained and operated for the 55-year life of the regulatory agreement. Operators will submit a Property

Management and Services Plan that describes how the principles of Housing First, Trauma-Informed Care, and Harm Reduction approaches will be utilized to successfully operate and manage the buildings. In addition, selected housing providers will be required to complete necessary life safety and accessibility alterations, lease up of tenants, and property management of the housing asset for the full term of the regulatory agreement.

### **FISCAL IMPACT**

There is no current fiscal impact to the General Fund. LAHD is working with the CAO to identify funding necessary as outlined in this report.

Approved By:



ANN SEWILL

General Manager

Los Angeles Housing Department

### ATTACHMENTS:

Attachment A - Professional Service Agreement

Attachment B - RFP

Attachment C - Authorizing Resolution

**PROFESSIONAL SERVICES AGREEMENT**

between

**THE CITY OF LOS ANGELES**

and

**THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES**

for

**SERVICES RELATED TO THE STATE OF CALIFORNIA NOTICE OF FUNDING  
AVAILABILITY HOMEKEY PROGRAM**

Said Agreement is Number C-\_\_\_\_\_ of City Contracts

**Professional Services Agreement  
State of California Homekey Program NOFA  
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## **ATTACHMENTS**

Attachment A – Roles and Responsibilities between Entities

Attachment B – Priority Acquisitions

Attachment C – Fee Schedule

Attachment D – List of Pre-Approved HACLA Subcontractors

Attachment F – Form of Asset Management Agreement

DRAFT

**AGREEMENT NUMBER C-\_\_\_\_\_**  
**BETWEEN**  
**THE CITY OF LOS ANGELES**  
**AND**  
**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES FOR SERVICES**  
**RELATED TO THE STATE OF CALIFORNIA NOTICE OF FUNDING AVAILABILITY**  
**HOMEKEY PROGRAM**

**THIS AGREEMENT** ("Agreement") is made and entered into by and between the City of Los Angeles, a municipal corporation ("City"), by and through the Los Angeles Housing Department ("LAHD"), and the Housing Authority of the City of Los Angeles ("HACLA") a California public body, corporate and politic ("HACLA") (collectively, the "Parties," or individually, a "Party").

1. **WHEREAS**, the State of California ("State") Department of Housing and Community Development ("HCD") intends to issue one or more Notices of Funding Availability for the Homekey Program ("NOFA") in 2021 in order to expand the inventory of housing for people experiencing homelessness or at risk of homelessness ("Homekey Program") and such funds are expected to be spent on eligible activities including the acquisition, rehabilitation and operation of properties for homeless or those at risk of homelessness as dictated by the State; and
2. **WHEREAS**, the services required by the City under the anticipated NOFA are of a professional and expert quality and are temporary in nature; and
3. **WHEREAS**, the City and HACLA have agreed to jointly apply to HCD for funding under such NOFA; and
4. **WHEREAS**, HACLA has experience acquiring private real property and is willing to take the lead in providing such services as a co-applicant with the City to effectuate the requirements of the NOFA and ultimately obtain grant funding for the acquisition of properties; and
5. **WHEREAS**, HACLA, by virtue of extensive experience and background in real estate services is the most qualified to provide the specialized services needed by City at this time, and as defined herein; and
6. **WHEREAS**, the City determined that components of the work required to be performed in applying for and implementing the NOFA could be more economically and feasibly performed by HACLA, given strict deadlines as part of the NOFA application and implementation process; and
7. **WHEREAS**, the Parties intend to utilize HACLA's property acquisition, asset management and grant management services for work to be performed in response to and required by the NOFA application; and

8. **WHEREAS**, the Parties now wish to enter into an agreement pursuant to which HACLA, for consideration and upon the terms and conditions provided within this Agreement, shall perform the services outlined in this Agreement.

**NOW THEREFORE**, in consideration of the promises, representations, covenants and agreements provided below, the Parties agree as follows:

## 1.0 PARTIES TO THE AGREEMENT AND REPRESENTATIVES

### 1.1 Parties to the Agreement

1.1.1 The City of Los Angeles, a municipal corporation, having its principal office at 200 North Spring Street, Los Angeles, California, 90012, acting through the Los Angeles Housing Department, a municipal corporation, having its principal office at 1200 West 7<sup>th</sup> Street, Los Angeles, California, 90017.

1.1.2 The Housing Authority of the City of Los Angeles, a public body, corporate and politic, having its principal office at 2600 Wilshire Blvd, Los Angeles, CA 90057.

### 1.2 Representatives of the Parties

The representatives of the Parties who are authorized to administer this Agreement and to whom formal notices, demands, and communications will be given are as follows:

#### 1.2.1 For the City:

Ann Sewill, General Manager  
Los Angeles Housing Department  
1200 W. 7th Street  
Los Angeles, California 90017  
Email: Ann.Sewill@lacity.org

Invoices should be sent to:

Daniel Huynh, Assistant General Manager  
Los Angeles Housing Department  
1200 W. 7th Street  
Los Angeles, California 90017  
Email: Daniel.Huynh@lacity.org

#### 1.2.2 For HACLA:

Douglas Guthrie

President & CEO  
HACLA  
2600 Wilshire Blvd, Third Floor  
Los Angeles, CA 90057  
213-252-2500  
Email: Douglas.Guthrie@hacla.org

Jenny Scanlin  
Chief Strategic Development Officer  
HACLA; Third Floor  
2600 Wilshire Blvd  
Los Angeles, CA 90057  
213-252-2500  
Email: Jenny.Scanlin@hacla.org

- 1.3** Formal notices, demands and communications to be given hereunder by either Party must be made in writing and may be effected by personal delivery, by registered or certified mail, postage prepaid, return receipt requested, or by electronic mail, and will be deemed communicated as of the date of mailing.
- 1.4** If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice must be provided as described in this Agreement, within five (5) business days of such change.

## **2.0 TERM OF AGREEMENT**

The term of this Agreement will begin upon execution and final approval of this Agreement and will terminate on June 30, 2022 (“Termination Date”), except as related to reporting requirements and continued mutual obligations to the State of California as set forth herein and in the Project Homekey Standard Agreement, Project Homekey NOFA and mutual indemnification in Section 12 herein, unless terminated earlier as provided herein. The Parties may agree to extend the Termination Date by an amendment to this Agreement executed by both Parties.

## **3.0 SERVICES TO BE PROVIDED**

Upon execution of this Agreement, HACLA shall provide those services specified in **Attachment A** hereto for those properties listed in **Attachment A** (“HACLA Services”), which is hereby incorporated into this Agreement by reference.

## **4.0 CITY’S RESPONSIBILITIES**

Upon agreement, the City shall be responsible for those items specified in **Attachment A** hereto, which is hereby incorporated into this Agreement by reference.

## **5.0 COMPENSATION AND METHOD OF PAYMENT**

### **5.1 Compensation for HACLA Services, Property Acquisition, and Other Services As Needed**

#### **5.1.1 Compensation for HACLA Services**

The City will pay HACLA for satisfactory, grant application preparation and management; real estate acquisition; real estate operation, management and disposition; and annual reporting services rendered, as set forth in Attachment A. Property review and selection should be managed by HACLA in accordance with **Attachment B**. Fees for all HACLA Services shall be in total amounts not to exceed rates specified in **Attachment C** which is attached hereto and made a part hereof and will be paid upon request through direct invoice or City approval of a Final Closing Statement from the escrow company (as more fully described in Section 5.2 below). Funding between line items in any one category may fluctuate as long as the overall rate total does not exceed that of the category sum. Any request for funding above the agreed to rates must be provided in writing with the submitted invoice and is in the City's sole discretion to approve.

Notwithstanding any other provision of this Agreement, including any exhibit or attachments incorporated therein, and in order for the City to comply with its governing legal requirements, the City shall have no obligation to make any payments to HACLA unless the City shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in said Agreement. On [insert date] the City of Los Angeles, acting through the City Council, took action to create such appropriation through CF-21-0112.

HACLA shall have no obligation to provide any services, provide any equipment or incur any expenses in excess of the appropriated amount(s) until the City appropriates additional funds for this Agreement. The City agrees to take such reasonable steps as may be necessary to ensure the repayment to HACLA for all expenditures and services in furtherance of the property acquisitions associated with the grant funding under the NOFA award and the joint application between the City and HACLA. In the event of a conflict between this Section and the Standard Provisions, this Section shall control.

### **5.1.2 Real Property Acquisition Payments**

The City intends to purchase certain real property (“City Property” or “City Properties”) through HACLA and understands that, at such time as the City has concurred that all contingencies have been released or waived, the City shall remit payment for its portion of the costs of acquisition, as set forth in Attachments A and C, and related closing costs within 45 days of the closing of the respective transaction. This contractual obligation shall include all of the total value of the City Property being acquired and is not dependent on whether Homekey Program funds have been provided. Attachment B includes a list of the City Properties that will be paid for either in full by the City or through a combination of City funding and Homekey Program grant funds, and for which the City shall provide full payment pursuant to the payment method set forth in Section 5.2.3, below.

The City shall accept and reimburse HACLA for any and all City Property purchases. HACLA will pay a negotiated price for each property, approved by the City and confirmed by an appraisal. The City may determine in its sole discretion based on its assessment of public purpose and other compelling factors to pay up to 10% over the appraised fair market value of each property. HACLA will execute on such offers only after receiving authority in writing from the City to make such offers. The Parties acknowledge and agree that all real estate purchases made under this Agreement shall be utilized in accordance with the Homekey Project terms and conditions, and as such, serve the legitimate public benefit purpose of expanding the inventory of low-income housing for people in the City of Los Angeles experiencing homelessness or at risk of homelessness and impacted by COVID-19. HACLA serves solely as the purchasing agent for the City in the acquisition of the City Properties.

The City may at any time during the term of this agreement: a) update the list of City Properties in Attachment B; b) approve the purchase of any City Property at its fair market value price; and/or c) approve the payment of a purchase price of up to 10% over the appraised fair market value, by providing written notice of such action(s) from Ann Sewill or Daniel Huynh to Douglas Guthrie and Jenny Scanlin, which written notice may take the form of an email or such other form as the City may decide.

All funds for the purchase of the City Properties are City funds or City-allocated funds, and as such, all City Property purchases, transfers, and dispositions shall be carried out at the City’s direction and with the City’s cooperation. The City assumes all liability and

responsibility for the transfers and disposition of City Properties and shall defend, indemnify and hold HACLA (and its agents, commissioners, employees, officers, commissioners, assigns, directors, instrumentalities, and successors in interest) harmless from and against all lawsuits, causes of action, costs, fees, expenses, liabilities, claims, losses, and demands, associated with or arising out of the acquisition of the City Properties and the subsequent transfer of City Properties from HACLA to the City's selected Operator/Owner (collectively, "Claims"), including, but not limited to, any Claims arising from, related to, or associated with the presence of Hazardous Materials ("Hazardous Material(s)" means any substance, material or waste, including any media or material that contains or is contaminated by any Hazardous Material(s), that is: (i) regulated by any governmental authority, the State of California or the United States; (ii) defined as an "acutely hazardous waste," "extremely hazardous waste," or "hazardous waste" under Sections 25110.02, 25115, 25117, or 25124 of the California Health and Safety Code, or listed pursuant to Sections 25141 and 25141.5 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code Division 20 Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos; (vii) listed under Chapter 10 Division 4.5 of Title 22 or defined as hazardous or extremely hazardous pursuant to Division 21.5 of Title 26 of the California Code of Regulations; (viii) designated as a "hazardous waste" pursuant to Section 6903 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; (ix) defined as a "hazardous substance" pursuant to Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; and (x) any radioactive, flammable, corrosive, toxic, explosive, and/or infectious pollutants, substances, or materials). The indemnity and defense obligations imposed by this paragraph include all Claims related to or arising out of the generation, investigation, remediation, monitoring, transport, and/or disposal of any Hazardous Substance at and/or from any City Property and, therefore, on all waste manifests, bills and other documents, the City, and not HACLA, shall be listed as the generator of any waste or material generated at or transported from any City Property. The City shall cooperate with HACLA in obtaining any necessary generator or identification numbers and executing any documents and manifests necessary to ensure the City is listed as the generator of any waste

to which the terms of this paragraph apply including, but not limited to, any documents granting HACLA authority to sign manifests and other documents on behalf of the City as the generator of such waste.

The City's obligations as provided herein shall survive the expiration or termination of this Agreement.

*Deposits.*

In addition to the above, the City agrees to reimburse HACLA for all deposit amounts committed and paid by HACLA under each City Property purchase and sale agreement ("PSA") as part of the City Property acquisition process. HACLA will make available funding to cover fully refundable deposits and up to \$250,000 per property for non-refundable deposits. The total deposit cap for the cumulative PSAs shall be \$5,000,000. It is HACLA's discretion to fund any cumulative cap above \$5,000,000 and HACLA may require the City to transfer funds to HACLA to cover any additional balances. HACLA agrees that any non-refundable deposit required under a PSA shall be approved by the City in advance, in writing, which may be provided electronically through email prior to HACLA committing and/or paying the non-refundable deposit.

### **5.1.3 Compensation for Asset Management**

The City may enter into a separate Management Agreement ("Management Agreement") the form of which is provided in **Attachment F** to this Agreement to compensate HACLA for temporary asset management of the City Properties, property management or operational oversight after any City Property is acquired and prior to the HACLA's transfer of City Property to qualified Operators/Owners (defined below) as directed by the City, in the event that Operators/Owners are not in place at the time of close of escrow for a particular City Property. The Management Agreement will provide a detailed description of services and compensation for property management and operational services and will set forth terms as to the liabilities and indemnities related to both Parties and detailed insurance requirements and specific provisions for both HACLA and the City.

### **5.1.4 Compensation for Asset Transfer and Claims**

The City is expected to procure Operators/Owners for the City Properties ("Operators/Owners"). Selected Operator(s)/Owner(s) will

either take possession and/or ownership of the City Property and shall operate the City Property as permanent supportive housing or interim housing in accordance with each Operator's/Owner's respective agreement with the City. Upon request by the City, HACLA will transfer the City Property to the City's selected Operator/Owner through a purchase and sale agreement and record all documents required by the State or City, including but not limited to a promissory note, deed of trust and regulatory agreement at the time of transfer. Such transfer will be by grant deed in a form acceptable to the City and HACLA. No transfer shall occur without State of California approval as may be required by the Homekey Standard Agreement and the City will be responsible for submitting all required documentation to the State to approve said transfer. The City shall be solely responsible for all costs, fees, expenses, liabilities, claims, losses, demands, lawsuits, and causes of action, associated with the transfer of property from HACLA to the City's selected applicable Operator/Owner, including, but not limited to, any Claims arising from, related to, or associated with the presence of Hazardous Materials as defined in Section 5.1.2, and including, but not limited to, all escrow, due diligence, recording, title and HACLA legal and internal administrative/financial review fees and expenses.

### **5.1.5 Operation in Compliance with Project Homekey**

Unless covered under this Agreement, the City and HACLA will independently be responsible for compliance in the ongoing operations of each Property purchased under a Standard Agreement with the State of California for Project Homekey. This entails being independently responsible for the ongoing asset management, maintenance, property management and leasing practices to serve Homekey eligible clients and providing all required data and documentation to the State of California as required for Annual Reporting and audits.

## **5.2 Method of Payment**

### **5.2.1. Invoices**

The City shall reimburse HACLA for all HACLA Services provided under this Agreement, whether or not a particular City Property purchase closes escrow. HACLA shall be paid by the City in

accordance with **Attachment C** and the other conditions and provisions of this Section within 45 calendar days after receipt of HACLA's invoices by the City. HACLA must include the following information, and any other documentation requested by the City, on each invoice:

1. Date of invoice
2. Invoice number
3. Agreement number
4. Description of services, including, but not limited to:
  - a) Beginning Date of work on each individual City Property Acquisition included on Invoice
  - b) Property Address
5. Rate for Service per Attachment C
6. Total Amount of invoice for all City Properties for which work was performed, listed by each City Property

Once paid, all materials and work product resulting in the work and services compensated shall be the property of the City and HACLA as HACLA drafted and initiated the documents and various agreements pertaining to the HACLA Services and can be requested to be packaged and provided electronically within ten (10) business days of such request.

If a real estate transaction for a City Property closes and invoices for HACLA Services for the applicable City Property are not fully paid in escrow for the applicable City Property, HACLA may submit supplemental invoices for HACLA Services rendered to the City during the term of this Agreement. The City shall review and pay all approved HACLA Services and costs within 45 calendar days after receipt of HACLA's invoices to the City.

If a real estate transaction for a City Property does not close, the City agrees to accept and pay invoices for reimbursement of actual 3<sup>rd</sup> party costs expended and any funds deposited as required by the applicable PSA. HACLA shall receive an 18% administrative fee based on total funds expended by HACLA for such 3<sup>rd</sup> party contracts. . HACLA may submit such invoice in the same manner as for any City Property that closes escrow. The City shall review and pay all approved HACLA Services and costs within 45 calendar days after receipt of HACLA's invoices to the City.

### **5.2.3 Payment through Escrow (Wire Transfer)**

If the real estate transaction for the acquisition of each of the City Properties closes, some or all of the HACLA Services will be invoiced

to the respective escrow and paid by the City through a wire to escrow in a timely manner to meet the applicable closing date. Such HACLA Services shall be submitted through an invoice by HACLA directly to the escrow company and incorporated in a Final Closing Statement for the particular City Property, which the City's Representative, Daniel Huynh, must approve. Upon approval, the City will prepare a wire and will wire all funds into escrow.

The City will make all real property acquisition payments in the same manner.

***Failure to adhere to these policies may result in nonpayment or non-approval of demands, pursuant to Charter Section 262(a)***, which requires the Controller to inspect the quality, quantity and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve demands before they are drawn on the Treasury.

## **6.0 INDEPENDENT AGENCY**

By signing this Agreement, HACLA acknowledges that it is an independent public agency and is in no way controlled by the City, and any services performed pursuant to this Agreement are those of an independent organization, not as an agent of the City, except as otherwise indicated in this Agreement. Therefore, neither personnel of HACLA, nor personnel of any of its subcontractors, are entitled to any City-provided wages or benefits, including but not limited to vacation, sick leave, unemployment compensation, workers' compensation, or retirement. HACLA's personnel performing services under this Agreement shall at all times be under HACLA's exclusive direction and control and shall be employees or subcontractors of HACLA and not of the City. HACLA shall pay all wages, salaries, and other amounts due its employees in connection with this Agreement and shall be responsible for all related reporting and other obligations, including but not limited to social security, income tax withholding, unemployment compensation, and workers' compensation.

## **7.0 RETENTION OF RECORDS**

Except as otherwise expressly directed by City, HACLA shall maintain records, including records of financial transactions, pertaining to the performance of this Agreement, in their original form, in accordance with requirements prescribed by City. These records must be retained for the later of (a) forty-eight (48) months following final payment made by City hereunder, or (b) termination of this Agreement. Records will be subject to examination and audit by authorized City personnel or by the City's representative at any time with reasonable notice. HACLA shall provide any reports requested by the City regarding performance of the Agreement, with reasonable notice.

## **8.0 NO THIRD-PARTY BENEFICIARIES**

Nothing herein is intended to treat subcontractors of HACLA or any other party as a third-party beneficiary. The City does not assume any obligations to subcontractors and no privity of contract is created with any subcontractors by this Agreement.

## **9.0 HACLA'S INTERACTION WITH THE MEDIA**

HACLA shall refer all inquiries from the news media to the City, shall immediately contact the City to inform the City of the inquiry, and shall comply with the procedures of the City's Public Affairs staff regarding statements to the media relating to this Agreement or HACLA's services hereunder. Notwithstanding the foregoing, the City and HACLA, as two independent public entities, shall work cooperatively to address any media questions and press releases regarding HACLA Services as related to the Homekey Program.

## **10.0 REQUIREMENTS APPLY TO ALL SUBCONTRACTORS**

HACLA will ensure that the requirements of Sections 7.0, 8.0, and 9.0 are provided to and apply to all subcontractors which HACLA may hire to perform all or part of the services under this Agreement if such subcontractor agreements have not already been executed.

## **12.0 STANDARD PROVISIONS**

### **12.1 General**

HACLA is a public entity and as such agrees to comply with the Standard Provisions for City Contracts (Rev. 10/17) [v3] ("Standard Provisions"), except as provided below in 12.2 and 12.3 and unless it is otherwise exempt under federal, state or local law. The Standard Provisions are attached to this Agreement as **Attachment D** and incorporated herein by reference.

### **12.2 Standard Provisions from which HACLA is Exempt or Otherwise Inapplicable as a Public Agency**

HACLA is exempt from the following Standard Provisions, either as explicitly stated in the applicable Los Angeles Administrative Code ("LAAC") or exempt due to its status as a public entity: PCS-15, PCS-24, PCS-25, PCS-26, PCS-27, PCS-28, PCS-29, PCS-32, PCS-33, PCS-34, PCS-35, PCS-36, PCS-37, PCS-38, and PCS-40.

### **12.3 Standard Provisions Revised to Reflect HACLA's Status as Public Entity**

1. PCS-2: Applicable Law, Interpretation and Enforcement

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY** as they pertain to **CONTRACTOR** as a separate governmental entity and unless otherwise exempted, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles except with respect to federal law as it specifically applies to **CONTRACTOR**. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**.

In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

2. PCS-5: Amendment

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3, except with respect to non-material changes as agreed by both Parties.

3. PCS-8: Suspension

At **CITY'S** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon receipt of the notice of suspension, **CONTRACTOR** shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services. Notwithstanding the foregoing, **CITY** shall remain responsible for payment of all services provided, and costs incurred by **CONTRACTOR** prior to **CONTRACTOR'S** receipt of such notice of suspension and **CONTRACTOR'S** reasonable time frame to suspend the operations of its subcontractors.

4. PCS-9: Termination

A. Termination for Convenience

**CITY** may terminate this Contract for **CITY'S** convenience at any time by providing **CONTRACTOR** thirty days written notice. Upon receipt of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein. Notwithstanding the foregoing, Termination for Convenience by **CITY** shall not be applicable under the following conditions: i) **CONTRACTOR** has cleared all property purchase contingencies and as such is required to purchase the property or ii) **CONTRACTOR** has purchased the property and holds ownership of the property for **CITY**.

B. Termination for Breach of Contract

1. Except as provided in PSC-6, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may give **CONTRACTOR** written notice of the default. **CITY'S** default notice shall indicate that the default may be cured and the time period to cure the default to the sole satisfaction of **CITY**. Additionally, **CITY'S** default notice shall offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the default, which shall be submitted to **CITY** within the time period allowed by **CITY**. At **CITY'S** sole discretion, **CITY** may accept, return for revision or reject **CONTRACTOR'S** plan. If the default cannot be cured or if **CONTRACTOR** fails to cure within the

period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR'S** breach of this Contract.

2. Except as provided in PSC-6, if **CITY** fails to perform any of the provisions of this Contract, including failing to fulfill its responsibilities under Attachment A attached hereto or its payment reimbursement responsibilities as provided in Section 5.0 herein, or so fails to make progress as to endanger timely performance of this Contract, **CONTRACTOR** may give **CITY** written notice of **CITY'S** default. **CONTRACTOR'S** default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of **CONTRACTOR**. Additionally, **CONTRACTOR'S** default notice may offer **CITY** an opportunity to provide **CONTRACTOR** with a plan to cure the default, which shall be submitted to **CONTRACTOR** within the time period allowed by **CITY** in Section B1 above. At **CONTRACTOR'S** sole discretion, **CONTRACTOR** may accept or reject **CITY'S** plan. If the default cannot be cured or if **CITY** fails to cure within the period allowed, then **CONTRACTOR** may terminate this Contract due to **CITY'S** breach of this Contract.
3. If the default under this Contract is due to **CONTRACTOR'S** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance coverage and Contractor's obligation to suspend performance of services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY'S** requirements.
4. If a federal or state proceeding for relief of debtors is undertaken by or against **CONTRACTOR**, or if **CONTRACTOR** makes an assignment for the benefit of creditors, then **CITY** may immediately terminate this Contract.
5. If **CONTRACTOR** or **CITY** engages in any dishonest

conduct related to the performance or administration of this Contract or violates **CITY'S** laws, regulations or policies relating to lobbying, then **CITY or CONTRACTOR**, as applicable, may immediately terminate this Contract.

6. Acts of Moral Turpitude

a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, any act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").

b. If **CONTRACTOR** or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, **CITY** may immediately terminate this Contract.

c. If **CONTRACTOR** or a Key Person is charged with or indicted for an Act of Moral Turpitude, **CITY** may terminate this Contract after providing **CONTRACTOR** an opportunity to present evidence of **CONTRACTOR'S** ability to perform under the terms of this Contract.

d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse,

elderly abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.

- e. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.

2. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had not been issued.

3. The rights and remedies of **CITY** and **CONTRACTOR** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

5. PCS-11: Contractor's Personnel

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. In addition, **CITY** acknowledges that **CONTRACTOR** is exempt from the **CITY'S** Contractor Responsibility Program provisions pursuant to Section 10.40.4 of the LACC. **CITY** has the right to review and approve any personnel who are assigned to work under this Contract except as otherwise earlier engaged by **CONTRACTOR** due to exigent circumstances prior to execution of this Contract. A current list of **CONTRACTOR** subcontractors pre-approved by **CITY** is attached here to as **Attachment E**, which is hereby incorporated into this Agreement by reference.

**CONTRACTOR** shall not use Subcontractors to assist in

performance of this Contract without the prior written approval of **CITY** except as otherwise earlier engaged by **CONTRACTOR** due to exigent circumstances prior to execution of this Contract. If **CITY** permits the use of Subcontractors, **CONTRACTOR** shall remain responsible for performing all aspects of this Contract and paying all Subcontractors, however, **CITY** acknowledges that it remains responsible for the payment or reimbursement of such subcontractor services to **CONTRACTOR**. **CITY** has the right to approve **CONTRACTOR'S** Subcontractors, and **CITY** reserves the right to request replacement of any Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR'S** Subcontractors, excepting **CITY'S** obligation to pay **CONTRACTOR** for such services through payments to an escrow account for the Homekey Program and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

6. PCS-16: Retention of Records, Audit and Reports

**CONTRACTOR** shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. These records must be retained for the later of (a) forth-eight (48) months following final payment made by **CITY** hereunder, or (b) termination of this Contract. The records will be subject to examination and audit by authorized **CITY** personnel or **CITY'S** representatives at any time with reasonable notice. **CONTRACTOR** shall provide any reports requested by **CITY** regarding performance of this Contract with reasonable notice. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision unless such subcontract was entered into prior to execution of this Contract.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY'S** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

7. PCS-18: Indemnification

- a. Except as otherwise indicated in this Agreement, Government Code Section 895.2 imposes joint civil liability upon public entities solely by reason of such entities being parties to an agreement, as defined by Government Code Section 895. Pursuant to Government Code Section 895.4 and 895.6, the

Parties shall each assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by any negligent or wrongful act or omission occurring during the performance of this MOU. The Parties indemnify and hold harmless each other for any loss, costs, or expenses that may be imposed upon such other party by virtue of Government Code Section 895.2.

- b. In the event of third party loss caused by negligence, wrongful act or omission of both parties, each Party shall bear financial responsibility in proportion to its percentage of fault as may be mutually agreed or judicially determined. The provisions of Civil Code Section 2778 regarding interpretation of indemnity agreements are hereby incorporated.
- c. The Parties shall obtain and keep in force at their own mutual expense and for the duration of this Agreement adequate self- or independent insurance against claims for injuries to persons or damages to property which may arise from activities hereunder, such that it adequately covers their mutual obligations under this provision.

8. PCS-19: Intellectual Property Indemnification

**CONTRACTOR**, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under this Contract; or (2) as a result of **CITY'S** actual or intended use of any Work Product (as defined in PSC-21) furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

9. PCS-21: Ownership and License

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CITY** acknowledges that **CONTRACTOR**, as a governmental agency, will need access to the Work Product for its own internal uses, and governmental and other audits or California Public Records Act ("CPRA") Requests. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

**CONTRACTOR** agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes, except as such Work Product was created or obtained before execution of this Contract and due to exigent circumstances regarding the application for Project Homekey grant funding.

**CONTRACTOR** shall not provide or disclose any Work Product to any third party, except with respect to the State of California in connection with its Housing and Community Development Notice

of Funding Availability (“NOFA”) application and related requirements, without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract such that **CITY’S** ownership and license rights of all Work Products are preserved and protected as intended herein, except with respect to subcontracts already entered into due to exigent circumstances regarding the NOFA application and related property acquisition activities already performed.

10. PCS-23: Insurance

During the term of this Contract and without limiting **CONTRACTOR’S** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY’S** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

11. PCS-39: Limitation on City’s Obligation to Make Payment to Contractor

Except as otherwise stated in other provisions of this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY** and **CITY** shall have no obligation to pay for the services, purchases or expenses, except as otherwise negotiated between **CITY** and **CONTRACTOR**. **CONTRACTOR** shall have no obligation to provide any services, provide any

equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

12. PCS-42: Possessory Interests Tax

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CITY** shall pay the property tax as **CONTRACTOR** is acquiring properties on behalf of the **CITY** and not for itself.

13. PCS-43: Confidentiality

All documents, information and materials provided to **CONTRACTOR** by **CITY** or developed by **CONTRACTOR** pursuant to this Contract (collectively "Confidential Information") are confidential. **CONTRACTOR** shall not provide or disclose any Confidential Information or their contents or any information therein, either orally or in writing, to any person or entity, except to the Department of Housing and Urban Development as required, to internal or external auditors as required, or if the materials are the subject to a valid CPRA request, or as authorized by **CITY** or as required by law. **CONTRACTOR** shall immediately notify **CITY** of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.

**13.0 CONTINUED REQUIREMENTS**

The requirements of Sections 7.0, 8.0, and 9.0, survive termination of this Agreement.

**14.0 RATIFICATION**

At the City's request and because of the need therefore, HACLA began performance of the HACLA Services required hereunder on or about May 1, 2021. The City hereby ratifies and accepts those services performed in accordance with the Agreement and authorizes payment therefore as provided by the terms of this Agreement.

**15.0 EACH PARTY TO BEAR ITS OWN COSTS AND EXPENSES**

In the event any action, suit or proceeding is brought for the enforcement of, or the

declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each Party shall bear its own costs and expenses, including attorney fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

#### **16.0 BINDING AUTHORITY TO SIGN AND AUTHORIZATION**

Each Party hereby represents that all necessary and appropriate actions of their governing bodies, as applicable, have been taken to make this Agreement a binding obligation of each of the Parties hereto. The persons executing this Agreement warrant that they are duly authorized to execute this Agreement on behalf of and bind the Parties each purports to represent.

#### **17.0 CITY SHALL NOT ASSIGN OR TRANSFER**

This Agreement is personal to the City, and the City shall have no right or ability to transfer or assign any rights obligations stated herein to any entity, organization or individual, including, but not limited to any future Operator/Owner of any of the City Properties. In the event the City shall attempt to assign or transfer the same in whole or in part all rights hereunder shall immediately terminate.

#### **18.0 ORDER OF PRECEDENCE**

In the event of any conflict or inconsistency between the body of this Agreement and the attachments or exhibits to this Agreement, the order of precedence is as follows: (i) the body of this Agreement, (ii) the Standard Provisions, then (iii) any other attachments or exhibits in descending numerical or letter order.

#### **19.0 COUNTERPART SIGNATURES**

This Agreement may be executed by the Parties in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

#### **20.0 ENTIRE AGREEMENT**

This Agreement, and any attachments or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the Parties and supersedes any prior representation, understandings, communications, commitments, agreements, or proposals, oral or written. No verbal agreement or conversation with any officer or employee of either party will affect or modify any of the terms and conditions of this Agreement.

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original.

[Signature page follows]

DRAFT

**IN WITNESS THEREOF**, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES, a  
municipal corporation, acting through the  
Los Angeles Housing Department

THE HOUSING AUTHORITY OF THE  
CITY OF LOS ANGELES, a  
public body, corporate and politic

By: \_\_\_\_\_  
ANN SEWILL  
General Manager

By: \_\_\_\_\_  
DOUGLAS GUTHRIE  
President and CEO

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

Date: \_\_\_\_\_

HACLA Legal Counsel

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

Date: \_\_\_\_\_

City Business License Number: 0000606464-0001-8  
Internal Revenue Service Taxpayer Identification Number: 94-3056856  
Agreement Number: C-

DRAFT



# CITY OF LOS ANGELES

## REQUEST FOR PROPOSALS TO SELECT OWNER/OPERATORS FOR PROJECT HOMEKEY SITES

Issued:

Deadline to Submit Proposals:

Proposers Conference Date

<b>Issue Date</b>	
<b>Proposers Conference</b>	
<b>Technical Questions</b>	<p>Submit questions by <u>email ONLY</u> to:  <u>_____@lacity.org</u></p> <p><u>Last day</u> to submit questions:</p> <p>All questions and answers will be posted on the Los Angeles Business Assistance Virtual Network (LABAVN) site at <a href="https://labavn.org/">https://labavn.org/</a>, ID Number *****</p>
<b>Last Day to Upload Required Documents in LABAVN</b>	
<b>Proposal Submission Deadline</b>	<p>ELECTRONIC SUBMISSION:  HARD COPY SUBMISSION:</p>
<b>Submission Address</b>	<p>ELECTRONIC SUBMISSION DUE:</p> <ul style="list-style-type: none"> <li>• <b>Complete proposal must be submitted electronically in a single zip file in a single zip file to:</b>  <u>_____@lacity.org</u></li> <li>• <b>Use Subject Line:</b>  <b>“PROJECT HOMEKEY RFP SUBMISSION:  [AGENCY NAME] - [PROPERTY ADDRESS]”</b></li> </ul> <p>HARD COPY SUBMISSION::</p> <ul style="list-style-type: none"> <li>• <b>Mail one (1) hardcopy with original signatures and one (1) electronic copy on a flash drive of each proposal to:</b></li> </ul> <p style="text-align: center;">Los Angeles Housing Department  ATTN: Steven Swede  1200 West 7<sup>th</sup> St, 8<sup>th</sup> Floor  Los Angeles, CA 90017</p>

FISCAL YEAR 2020-21 REQUEST FOR PROPOSALS TO SELECT  
OWNER/OPERATORS FOR PROJECT HOMEKEY SITES

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**Attachments**

1. Project Homekey – List of Properties and One-Page Summaries
2. LAHSA Facility and Operating Standards
3. Checklist of Required Forms
4. Proposal Summary Form
5. Required City Documents
6. Services and Operations Budget Template

## **I. Program Overview**

### **A. Introduction**

The City of Los Angeles (“City”), through the Los Angeles Housing Department (“LAHD” or “Department”) requests submittals of proposals from qualified parties with proven experience in owning and operating affordable housing, permanent supportive housing, and interim housing for formerly homeless including directly providing or coordinating the delivery of needed services to the residents. The City will establish a pool of sites that qualified operators may submit a proposal for ownership of these sites. The City is interested in securing approximately fifteen sites that will be able to operate immediately as permanent housing for individuals or families experiencing homelessness or at the risk of experiencing homelessness. In addition, and upon the City’s consent, the City is considering partnering with an organization to apply for Homekey funds.

### **B. Background**

California’s Homekey Program provides grant funding to the City of Los Angeles to expand the inventory of housing for people experiencing homelessness or at risk of homelessness. California’s fiscal year 2021-22 budget authorizes \$2.75 billion, including \$1.45 billion in the current fiscal year and \$1.3 billion in fiscal year 2022-23 to the State’s successful Homekey Program. The State Department of Housing and Community Development (HCD) has issued the Homekey Notice of Funding Availability (NOFA) and will accept applications beginning late September 2021 through May 2, 2022.

The Homekey NOFA allocates Homekey funding by geographical region based upon each region’s proportionate share of people experiencing homelessness of both the sheltered and unsheltered 2019 Homeless Point-in-Time counts and extremely-low income renter households paying more than 50 percent of their income for rent. Based on this formula, Los Angeles County was allocated approximately \$358 million of State Homekey funding. The NOFA establishes a four-month priority application period from the release date of the Homekey application in late September through January 31, 2022. During the priority period, successful applications will be funded through the geographical allocations of Homekey funding. After January 31, 2022, Homekey applications will compete statewide.

### **C. Purpose**

The City’s goal is to expand the inventory of housing opportunities for persons experiencing homelessness. This Request for Proposals (“RFP”) is intended to select qualified operators (“Selected Operators”) who can operate a permanent supportive housing project and directly provide or coordinate services to the specific target population. An operator that receives an awarded property (“Selected Operator”) will be required to take over the property at the close of escrow, and will be required to complete improvements to the property in accordance with LAHD’s rehabilitation plan. These improvements may consist of accessibility upgrades, life and safety upgrades, zoning changes, and other improvements, if necessary, to bring the project into regulation with City requirements. The acquired properties will encompass a fifty-five year regulatory agreement that will restrict the uses on the properties and a zero percent interest residual receipt loan for the total cost

of acquisition and rehabilitation of the property. For the first fifteen years (“Initial Period”), the project will be set up as a permanent supportive housing project that will service a special needs target population, as determined by the Department. After the fifteen year period and until year fifty-five (“Extended Use Period”), upon the approved consent from the Department, a Selected Operator may petition to convert the use of the property to an affordable housing element that serves low income households at a level of 80% AMI or lower.

## **II. Eligible Proposers**

Proposers must demonstrate fiscal and budgetary capacity to operate a permanent supportive housing project. Proposers will be required to demonstrate, at minimum, the experience outlined in RFP Section V.B-C. The Proposer may meet these requirements directly or may partner with other organizations with the required experience.

## **III. Scope of Required Services**

### **A. Housing Program Client Services**

As described below, the Selected Operator will ascribe to the principles of Housing First, Trauma-Informed Care, and Harm Reduction, all evidence-based approaches to effectively serve the homeless population in these properties.

#### Housing First:

Projects must be operated according to the Housing First approach, meaning that no prerequisites such as employment or sobriety for a household will be required to receive housing services and a permanent housing placement. When creating housing plans for housing residents, the Selected Operator must assume all clients are ‘housing ready’ and can achieve stability in permanent housing with differing levels of support.

#### Trauma Informed Care:

Selected Operators must incorporate the principles of trauma-informed care into service plans. Trauma informed care is defined as approaching service provision with a thorough understanding of the specific impact that trauma has on each household receiving services. Selected Operators must treat every program participant and household according to their unique traits, needs, strengths, risk factors, and engagement style, and will ensure staff and volunteers are trained to respond to clients in a way that accounts for each participant’s history, needs, and characteristics.

#### Harm Reduction:

Facilities awarded through this RFP must be operated according to the harm reduction model, ensuring that participants will not face loss of housing, ineligibility, or termination from the program due to their inability to stop engaging in risky or harmful behaviors, aiming instead to reduce the negative consequences of such behavior, utilizing all possible interventions and support. In support of this model, the Selected Operator’s staff will have received intervention training in the case of emergencies caused by substance abuse,

including the administration of Naloxone to reverse the effects of opioid overdose. The Selected Operator will also directly, or through partners or subcontractors, provide access to clinical staff, including Licensed Clinical Social Workers, Masters of Social Work, Marriage and Family Therapists, and other mental health professionals to address the psychological stressors that often underlie such harmful behaviors, thereby preventing or reducing negative consequences.

#### Other Requirements:

The Selected Operator will provide the following services on or off site:

1. Mental and physical (primary) health services
  - Staff and volunteers must be regularly trained on common physical (primary) and mental health problems of people experiencing homelessness and how to obtain needed and appropriate services.
2. Substance use disorder services
  - Residents must be provided with access to substance use disorder services. This must include, at minimum, providing regular training about substance use disorders and how to obtain needed and desired services as appropriate.
3. Employment
  - Selected Operators must commit to encouraging and supporting resident interest in obtaining employment and facilitating connections to desired services that will engage residents in job skills training and placement as appropriate.
4. Program Intake
  - Selected Operators must allow for intake of new residents at least five (5) days a week during regular business hours and as long as beds are available. If beds are not available, and an individual who is homeless or at risk of homelessness requesting services is willing to complete the Coordinated Entry System (CES) assessment process, operators will be required to complete this assessment.
5. Problem Solving/Diversion
  - Selected Operators must agree to assess potential residents for the possibility of diversion to assist them to self-resolve their housing crisis, and/or make reasonable efforts to re-connect with supportive family and/or friends who could temporarily or permanently house the potential resident.
6. Case Management and Support Services
  - Selected Operators will be required to provide a plan to provide Housing-Focused Case Management Services to assist residents to move forward in accessing permanent housing through referrals to housing programs (such as Rapid Rehousing, Permanent Supportive Housing, affordable housing, etc.). This includes but is not limited to support with completing housing applications, accompanying the resident to housing appointments and/or leasing appointments, and other support associated with the housing placement process.
7. Housing and Services Plan
  - Following intake and assessment, Case Managers must develop a Housing and Services Plan in coordination with the participant. The Plans will be

updated as the participant's situation changes, and steps are completed or revised accordingly.

8. Service Animals

- Facilities must be equipped to accommodate participants' service animals and animal companions, ensuring low-barrier access and a welcoming, non-discriminatory space for people with disabilities.

9. Meals, if applicable

- Meals, including specialized meals for those with dietary restrictions, must be provided three (3) times per day for each resident.

10. Coordinated Entry System

- To ensure that the participants at these facilities have access to other funding services and housing available through the Los Angeles Continuum of Care Coordinated Entry System (CES), Selected Operators must either operate as collaborative partners within the CES for individuals, youth, and families, as applicable, or partner with a CES collaborative partner(s) in their area.

## B. Building Improvements

a. Alterations and Improvements – Funding for Accessibility Upgrades and Life Safety Upgrades

The City will provide funding for alterations to meet life safety standards and accessibility requirements described below.

Once physical needs assessments have been completed for each property, the City will release those reports, as well as other necessary due diligence reports. At the time of ownership transfer, the City also expects to complete a walk through with the Selected Owner.

Each site must comply with the minimum accessibility standards as defined by California Building Code (CBC) Chapter 11A and 11B and the Americans with Disabilities Act, Title II.

- i. Eleven (11) percent of units will be equipped with mobility features; and
- ii. Four (4) percent of units will be equipped with communication features.

In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS) standards, 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671(5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Section 8.26.

Each subject property will be delivered vacant at the time of transfer. Selected Operators will be required to complete alterations immediately, and shall provide updates within 90 days after acquisition.

Project Homekey funds will be subject to applicable labor wages including the Federal Davis-Bacon and/or California's Prevailing Wage and Equal Opportunity standards. Proposers are urged to seek professional legal advice about the law's requirements. Prior to disbursing Project Homekey funds, the City will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the Selected Operator prior to disbursement of funds, as well as by any Selected General Contractor after one is selected.

As described above, funding for required Accessibility and Life Safety upgrades for each property will be funded by the Department. The City will provide a detailed description and budget for the scope of work required for the upgrades. The Selected Operator may request modifications to the scope of work after their review and once a walk through has been performed. During the rehabilitation, a contractor engaged directly by the City will monitor the alterations for compliance and completion.

## **C. Building Operations for Permanent Housing**

### **a. Operation**

1. The City will provide assistance for operation cost during the Initial Period. The City will provide \$1000 to \$1400 per unit every month for a minimum of seven years as a capitalized rental subsidy depending on the target population being served and the client services (described in RFP Section III.A above) that are provided. The City will rank and score proposed budgets as described in Section VI.C.2.2.b.i to determine the amount of services and building operations funding awarded for each site. The Selected Operator will be responsible for the management of the property in a manner that creates a friendly, welcoming and respectful community according to LAHSA's Facilities and Operating Standards, (Attachment 2) and including the following:
  - a. Maintaining an annual budget that ensures sufficient funding reserves.
  - b. Budget must include: administration, staffing, maintenance, repairs, janitorial, insurance, security, utilities, supplies, trash, extermination, taxes, fees, landscaping, elevator maintenance, and other contracts.
  - c. Overseeing regular cleaning and maintenance contracts.
  - d. Performing inspections in conformance with regulations.
  - e. Annual reporting.

## 2. Other Building Operations Requirements

### a. Initial occupancy vacancies:

- i. If the property is vacant at the time ownership transfer, the Selected Operator will be required to occupy the rooms within 90 days of ownership transfer as follows:
  1. The Selected Operator must coordinate with LAHSA to confirm that all occupants are from the Project Homekey target population of persons experiencing homelessness or from the special needs population, as determined by the site.
- ii. In order to promote racial equity in access to these new housing, Selected Operators must also use an adapted prioritization strategy, described further in RFP Section V.D.

## 3. Property Management Plan Requirements

### a. Property Management Plan:

- i. Selected Operator will be required to fill out and adhere to the property management plan as provided by the Department. These responsibilities include, but are not limited to: tenant selection, certification of household income, preparation and enforcement of leases and rental agreements, affordable rent calculations, maintenance of waiting lists, marketing vacancies, rent collection, ensuring designated Accessible Units are tenanted in accordance with federal requirements so that individuals with disabilities have access to affordable housing that has the features they need, providing reasonable accommodations, auxiliary aids and services necessary for effective communication, and ensuring accessibility for applicants and tenants with disabilities, as well as facility and grounds maintenance.

## IV. Proposal Guidelines

### A. Proposal Requirements

#### 1. Cover Letter

Proposals must include a cover letter. The cover letter will serve as an executive summary of the proposal's major points and must be signed by a principal or officer authorized to represent and commit to a binding agreement on behalf of the proposer's organization. The cover letter should not be longer than two (2) pages, single-spaced, and must include the name, address, phone number and email address of the lead organization's contact person.

#### 2. RFP Response and Executed Forms

Proposals shall include all required forms and disclosures detailed in the checklist provided in Attachment 3 – Checklist of Required Documents. Forms that require signature(s) shall be signed by a principal or officer authorized to represent and commit to a binding agreement on behalf of the Proposer(s).

Responses and executed forms are to be organized in the order detailed and clearly labeled

according to the checklist in Attachment 3 – Checklist of Required Documents.

### **3. Registration on LABAVN**

In order for a proposal to be considered by the CITY, the proposer must be registered with the Los Angeles Business Assistance Virtual Network (LABAVN) via the LABAVN website ([www.labavn.org](http://www.labavn.org)). In addition, for proposal submissions to be complete, proposers will be required to fill out and upload two City forms to the LABAVN site, as detailed in Attachment 5 – Required City Documents. The full proposal, not including the two City forms specified above, will not be accepted via the LABAVN site and must be submitted as directed in the Proposal Procedures RFP Section IV.B. The LABAVN ID for this project is TBD.

In order to view this project in LABAVN, proposers will need to be registered in LABAVN under one or more of the following NAICS Codes:

- 236116: New Multifamily Housing Construction
- 236117: New Housing Operative Builders
- 238290: Other Building Equipment Contractors
- 238910: Site Preparation Contractors
- 531311: Residential Property Managers
- 531390: Other Activities Related to Real Estate
- 624110: Child and Youth Services
- 624120: Services for the Elderly and Persons with Disabilities
- 624190: Other Individual and Family Services
- 624210: Community Food Services
- 624229: Other Community Housing Services
- 624230: Emergency and Other Relief Services
- 624310: Vocational Alterations Services

### **4. Conditions**

The City reserves the right to request additional information from proposers, reject any and all proposals, waive irregularities in the proposal requirement process or cancel the RFP. By submitting a proposal, proposers acknowledge and agree to the terms and conditions of the RFP and to the accuracy of the information a proposer submits in response to the RFP. All proposal packages become the property of the City and will not be returned. The Policies and Procedures of the City are incorporated in this RFP by reference.

### **5. Other Proposal Requirements**

The City prefers concise proposal(s) addressing only the specific information requested in the RFP. All proposal(s) must be submitted in the format and order described in Attachment 3 – Checklist of Required Documents. To ensure that each proposal is reviewed and evaluated properly, it is important that proposers follow the format described in the RFP closely. Proposal(s) must address all requirements of this RFP.

Any proprietary information in the proposal must be identified as such by the proposer. Documents submitted to the City are generally subject to the California Public Records Act and unless exempt from disclosure, must be made available to members of the public upon request. However, upon specific written request by proposer for exemption, documents that have been marked “Confidential,” “Trade Secret” or “Proprietary” submitted in response to

this RFP may be kept confidential until the City makes a final determination to proceed with Owner/Operator selection. In the event that such exemption is claimed, the proposal must state: "(Name of Proposer) shall indemnify the City and hold it and its officers, employees and agents harmless from any claim or liability and defend any action brought against the City for its refusal to disclose copyrighted material, trade secrets or other proprietary information to any person making a request thereof." Failure to include such a statement shall constitute a waiver of the Proposer's right to exemption from disclosure.

Confidential records may be returned to the proposer(s) if so requested following the completion of selection. In the event the City is required to defend an action under the California Public Records Act, with regard to a request for disclosure of proposal documents marked "Confidential," "Trade Secret" or "Proprietary," the proposer who submitted and so marked such document(s) agrees to defend and indemnify the City of Los Angeles from all costs and expenses of such defense, including reasonable attorney's fees or attorney's fees awarded by a court arising out of such action.

## B. Proposal Procedure

### 1. Proposal Period

- a. **This RFP will be open for submissions until (time) on (date).** No late submissions will be accepted. **All proposals must be emailed to:**

[\(email\)](#)

**Subject Line: "PROJECT HOMEKEY RFP SUBMISSION: [AGENCY NAME] – [PROPERTY ADDRESS]"**

Hard Copy Submissions must postmarked no later than (date): One (1) hardcopy with original signatures and one (1) electronic copy on a flash drive of each proposal to:

Los Angeles Housing Department  
ATTN: Steven Swede  
1200 West 7<sup>th</sup> St, 8<sup>th</sup> Floor  
Los Angeles, CA 90017

- b. Proposers Conference

The Proposers Conference will be held at (time) on **(date)**. Registration information will be sent to proposers that view and download the RFP from the LABAVN.

Proposers Conference attendance is not mandatory in order to submit a proposal.

- c. Questions

All questions, inquiries and requests for clarification regarding the RFP must be submitted in writing to (email)

All questions and requests for clarification regarding this RFP must be received **by this email address on or before (date)**. The City's staff will not respond directly to requests, but will post questions and answers to the RFP on LABAVN. The last posting of RFP questions and answers will be no later than **(Date)**.

## 2. Post-Submission

### a. Threshold Review

All proposals will be reviewed to ensure they meet all threshold and eligibility requirements (RFP Section VI.B). Proposals that do not meet threshold requirements will be deemed non-responsive and will not be scored.

Proposals must meet the following requirements in order to be scored:

- i. Proposal submission must include all items described in the Threshold Package (RFP Section VI.B), including satisfactory completion of all Los Angeles Business Assistance Virtual Network ([labavn.org](http://labavn.org)) requirements; and
- ii. Proposers cannot currently be involved in any City-funded projects or projects of other public lenders that are making poor progress towards completion.
- iii. This proposal must be achievable within the proposers' existing financial and administrative capacity and experience.
- iv. The proposer must not be subject to any adverse findings that would prevent the proposer from completing the projects. Such findings could include, but are not limited to:
  - a. Out-of-compliance with City of Los Angeles business practices.
  - b. Removal or involuntary exit of the proposer or any of its principals, from an ownership position in any publicly funded residential, commercial or industrial project.
  - c. Arson conviction or pending arson case.
  - d. Harassment conviction or pending harassment case.
  - e. Federal, State, City or private mortgage foreclosure proceedings or arrears.
  - f. In remedial foreclosure, subject to sale from tax lien or currently in substantial tax arrears.
  - g. Defaults with Federal, State or City-sponsored program(s).
  - h. Federal Debarment. Proposers involved in cases of debarment, suspension or proposed for debarment, declared ineligible or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.
  - i. A record of substantial building code violations or litigation filed against properties owned or managed by the proposer or by any entity or individual that is directly associated with the proposer.
  - j. Involvement in past or pending voluntary or involuntary bankruptcy proceedings.
  - k. Involvement in litigation with the City of Los Angeles.
  - l. Conviction of fraud, bribery or grand larceny.

b. Notification

The City expects to notify all proposers in writing of the results of proposal evaluations on (date).

c. Appeals

The City will notify all proposers in writing via email of their right to file an appeal and the appeals process. Appeals must be emailed to the City no later than two (2) business days after the proposers are notified of evaluation results.

Only one appeal per proposal will be permitted. Proposers may appeal procedural issues only. Appeals of scoring will not be permitted. Written appeals may not include any new or additional information that was not submitted with the original proposal.

d. Final Funding Recommendations

Final funding recommendations require approval by the Mayor and City Council.

### C. Proposal Conditions

1. All costs of the proposal preparation, including site visits if applicable, shall be borne by the proposer's agency. The City shall not, in any event, be liable for any pre-contractual expenses incurred by the proposer in the preparation or submission of the proposal. The proposer shall not include any such expense as part of the proposal budget.
2. The proposal must set forth full, accurate, and complete information as required by this RFP. Incomplete proposals will be deemed non-responsive and will not be scored.
3. Proposers may submit proposals for more than one site; however, a separate proposal package must be submitted for each site and each proposal package must be complete and must stand on its own.
4. If the City receives more than twenty (20) total proposals from five (5) or more qualified proposers, each proposer will be subject to a maximum project award of three (3) sites. Otherwise, the City will award each site to the proposer with the highest numeric score. Proposers applying for more than one (1) site must include a justification of the proposer's capacity to meet the requirement to occupy 50 percent of rooms in each awarded site within 90 days of ownership transfer.
5. Proposals may be withdrawn by the proposer by written request at any time up to the time of the funding award, if applicable.
6. It is the sole responsibility of the proposer(s) to ensure that proposal(s) are delivered and received by the City on time. Delays due to internal routing or misdirected proposal(s) shall be the responsibility of the proposer.
7. Proposals must be signed in the name of the proposer and must bear the signature of the person authorized to submit proposals on behalf of the proposer.
8. Proposals must be complete in all respects as required by the instructions contained in the RFP. A proposal may be rejected by the City if it is incomplete or if it contains alterations of form or other irregularities not approved by the City. A proposal will be

rejected if, in the opinion of the City, the information contained in the proposal is intended to mislead the City in the evaluation of the proposal.

## **V. Requirements of the Selected Operator**

In addition to the following, Selected Operators will be required to comply with all of the City's general contracting requirements as outlined in this RFP, and in the attachments to this RFP.

### **A. Promissory Note, Deed of Trust, and Regulatory Agreement**

1. Selected Operators once the following conditions have been met:
  - a. Each Selected Operator will be required to sign a promissory note, requiring the Selected Operator to pay the total amount of acquisition and rehabilitation cost of each property, with zero (0) percent interest accruing during the term of the Note, and full repayment of the balance due at maturity. Repayment of the Note, and the terms and limitations of any future City financial assistance to help with such repayment, is outlined in further detail in RFP Section I.C. above.
  - b. The City will also require recordation of two other documents through escrow as part of the transfer of title:
    - i. A deed of trust securing amounts due under the Note; and
    - ii. A regulatory agreement restricting use of the property to permanent supportive / affordable housing for fifty-five (55) years of project operations.
2. At all times, if outside financial resources are sought, the City's regulatory agreement must remain senior to any new encumbrances.

### **B. Experience in Services and Operations**

The Selected Operator will be required to demonstrate, at minimum, the following services and operations experience. The proposer may meet these requirements directly or may partner with other organizations with this required experience.

1. Housing Experience
  - a. Evidence of operating a successful emergency shelter, transitional housing, or other interim housing facility for at least three (3) years for unsheltered persons experiencing homelessness.
  - b. Demonstrated experience supporting the ability to place interim housing facilities with homeless residents in an expeditious manner.
  - c. Experience administering a program according to Housing First principles, including harm reduction and low barriers to entry as well as ongoing case management and be experienced in assessing and connecting households to supportive services, according to each household's needs and challenges as identified by frequent and thorough assessment.

- d. Experience providing supportive service interventions throughout the housing process, in order to ensure transitions to long-term housing.
- a. Development and operation of a project similar in scope and size to the property, or at least two (2) affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who is homeless or at risk of homelessness;
- b. Three (3) or more years of property management experience serving people experiencing homelessness or at risk of homelessness.

### **C. Demonstrated Development Experience**

The Selected Operator will be required to demonstrate, at minimum, the development experience detailed in this section. The proposer may meet these requirements directly or may partner with other organizations with the required experience.

1. Demonstration of proposer's ability to develop and rehabilitate permanent supportive and affordable housing.
2. Demonstration of the proposer's ability to comply with California's prevailing wage law (Labor Code, § 1720 et seq.), if required.
3. Demonstration of the proposer's experience managing the alterations upgrades required to bring the site into compliance for use as permanent supportive housing, including alterations to address any life/safety issues as well as ensure ADA compliance. Prior to occupancy, 10 percent of units will need to be equipped with mobility features and four (4) percent will be equipped with communication features, as defined by California Building Code (CBC) Sections 11A and 11B and the Americans with Disabilities Act Title II.

### **D. Non-Discrimination, Racial Equity, and Inclusion**

#### **1. Non-Discrimination Policy**

Eligible proposers will be required to adopt the following Non-Discrimination Policy:

- a. Eligible proposers must be committed to nondiscrimination and equal opportunity. Eligible proposer must comply with all applicable state and federal laws and regulations, including the Americans with Disabilities Act, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code Section 11135, Section 504 of the Alterations Act, and the regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 100, 24 C.F.R. Part 8, 28 C.F.R. Part 35, and 2 CCR Section 12005 et seq.
- b. No officer, employee, commissioner, agent, instrumentality, subsidiary, or related non-profit corporation shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived

to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFP.

2. Racial Equity:

To address systemic racism and counteract inequity, Selected Operators will be required to fill rooms according to the LAHSA's policies. City service funding for operators identified through the RFP will be administered by LAHSA, and LAHSA will ensure that the same standards of addressing systemic racism are upheld to fill new rooms and vacancies created as clients transition into a permanent housing solution.

### **E. Authority to Proceed**

Implementation of the proposed activities may proceed only after escrow has closed.

### **F. General City Reservations**

1. The City reserves the right to retain all submitted proposals. Proposals and the information contained therein shall become the property of the City of Los Angeles. Selection or rejection of a proposal does not affect these rights.
2. The City reserves the right to reject any and all proposals and to waive any informality in the proposal when to do so would be in the best interest of the City.
3. The City reserves the right to reject the proposal of any proposer who has previously failed to timely or satisfactorily perform any contract with the City.
4. The City reserves the right to extend the RFP submission deadline for all proposers should such action be in the best interest of the City.
5. The City reserves the right to reject any or all proposals received in response to this request if deemed infeasible or incomplete or not in the best interest of the City.
6. The City reserves the right to reject any or all proposals wherein the City has determined that the proposer is capable of financing its proposed project without assistance from the City.
7. The City reserves the right to withdraw this RFP at any time without prior notice. Further, the City makes no representations that any contract will be awarded to any proposer responding to this RFP.
8. The City reserves the right to refuse to fund any agency with outstanding disallowed costs with the City, regardless of the merits of the proposal submitted.
9. The City reserves the right to waive any provision(s) of this RFP to the extent that waiver of such provision(s) allows for the intent of Project Homekey to be implemented.
10. The City reserves the right to recommend proposals based on the plan to transition units from interim to permanent, and such other factors that are in the best interest of the City.

## G. Contract Compliance Documents

The following compliance documents will be required after final Mayor and City Council approval of any Project Homekey Program award:

1. Executed promissory note;
2. Recorded deed of trust and regulatory agreement; and
3. Standard provisions of City contracts, including insurance requirements. See Required Insurance and Minimum Limits [Form Gen.146 (Rev 3/09)] for a list of likely types of insurance that will be required for the agreement.
4. Compliant background check

## VI. Proposal Package

This section outlines proposal formatting requirements, the documents required for a proposal to be deemed complete, and the scoring criteria that will be used to evaluate complete proposals. **Proposals that do not include required documentation or fail to meet other stated guidelines will be deemed non-responsive and will not be scored.**

### A. Formatting Requirements

1. Submissions are to be submitted electronically in a single zipped folder with each file name clearly named using the same item names in Attachment 3 – Checklist of Required Documents.
2. Narrative responses must not exceed the stated page limits.
  - a. The Demonstrated Experience and Capacity narrative responses may not exceed 10 type-written, letter-size pages;
  - b. The Site Specific Proposal narrative responses may not exceed 10 type-written, letter-size pages;
  - c. The Bonus Points: Capital and Service Funding Leverage narrative response may not exceed two (2) type-written, letter-size pages; and
  - d. Supporting documentation does not count toward any page limit.
3. Narrative responses must be formatted as follows:
  - a. Type must be in a standard font no smaller than 12 point; and
  - b. Margins must be a minimum of 1” wide on each side of the page.
4. Each proposal section should be easily identified and in the order indicated in Attachment 3 – Checklist of Required Documents in both the electronic and hard copy submissions.
5. Number each page of the proposal (including the attachments) in continuous sequence at the bottom of the page to indicate each page’s number and the total number of pages (“page \_\_\_\_ of \_\_\_\_”). Use a heading for each narrative that clearly indicates the subject of the response.
6. Applications for multiple sites:

Proposers may submit proposals for more than one site; however, a separate proposal package must be submitted for each site and each proposal package must be complete and must stand on its own. Where appropriate, indicate whether responses refer to the proper or the proposer’s partner(s).

If the City receives more than twenty (20) total proposals from five (5) or more qualified proposers, each proposer will be subject to a maximum project award of three (3) sites. Otherwise, the City will award each site to the proposer with the highest numeric score. Proposers applying for more than one (1) site must include a justification of the proposer's capacity to meet the requirement to occupy 50 percent of rooms in each awarded site within 90 days of ownership transfer.

## B. Threshold Package

The Threshold Package will be screened to ensure completeness and compliance with threshold requirements prior to scoring. The Threshold Package must include the following items:

1. **Checklist of Required Documents**, provided as Attachment 3, completed with page numbers for each included item. All items on the Checklist of Required Documents that are applicable to the proposer's submission must be included in the proposal in the order indicated on the checklist. The beginning page number for each item must be indicated on the checklist.
2. **Proposal Summary Form**, provided as Attachment 4, completed. Items that are not applicable to the proposer's submission should be marked as such (e.g. "N/A").
3. **Proposer Documents**
  - a. **Proof of Legal Entity Status**

Provide proof of incorporation, tax status and Employer Identification Number (EIN) or other tax ID number, and any other applicable documentation to evidence that the proposer has the authority to operate and conduct business in the State of California.
  - b. **Articles of Incorporation**

Submit proposing agency's Articles of Incorporation and all amendments thereto, as filed with the Secretary of State.
  - c. **By-Laws**

Submit proposing agency's by-laws and all amendments thereto, as adopted by the proposing entity and properly attested.
  - d. **Corporate Board or Governing Body Authorization**

Resolutions or other corporate actions of the proposing agency's Board of Directors or governing body, properly attested or certified, which specify the name(s) of the person(s) authorized to submit the proposal; and the name(s) of the person(s) authorized to obligate the recipient and execute all contractual documents required of successful Project Homekey funding recipients.
  - e. **City Business Tax Registration Certificate (BTRC)**

A current and valid BTRC to do business within the City or evidence of exemption. The legal name(s) on the BTRC must be identical to the legal name of the entity submitting the proposal and identical to the name(s) on the Proof of Incorporation from the State of California. Call **(213) 473-5901** for any questions about the BTRC.

#### 4. Required City Documents

Complete forms in RFP Attachment 5 – Required City Documents and submit as Attachments A-I to the Threshold Package.

- A. Proposer Workforce Information
- B. Non-Collusion Affidavit
- C. CEC Form 50 - Bidder Certification
- D. CEC Form 55 - Prohibited Contributions
- E. Certification of Compliance with Child Support Obligations
- F. Living Wage Ordinance and Service Contract Worker Retention Ordinance
- G. Contractor Responsibility Ordinance
- H. Iran Contracting Act of 2010 Affidavit
- I. Standard City Contract Provisions

### C. Narratives

All proposals must include responses to the Demonstrated Experience and Capacity and Site Specific Proposal Narratives described in this section. Proposers seeking bonus points must also include a response to the Bonus Points: Capital and Service Funding Leverage Narrative. Where appropriate, please indicate whether responses refer to the proposer or partner(s).

#### 1. Scoring

A panel of individuals with the appropriate expertise and professional experience will score the narratives of all proposals that pass Threshold.

Each proposal will receive a score based on the quality of narrative responses and accompanying backup information, and staff will determine which proposers will be recommended for selection as an Owner/Operator.

A maximum of up to 110 points may be awarded to a proposal as follows:

- a. Demonstrated Experience and Capacity – 40 points
- b. Site Specific Proposal – 60 points
- c. Capital and Service Funding Leverage – 10 points

Proposers may submit proposals for more than one site; however, a separate proposal package must be submitted for each site and each proposal package must be complete and must stand on its own.

If the City receives more than a total of 20 proposals from five (5) or more qualified proposers, proposers will be subject to a maximum project award of three (3) sites. Otherwise, the City will award sites based on proposers' capacity to implement the program. Proposers applying for more than one site must include a justification of the proposer's capacity to meet the requirement to occupy 50 percent of rooms in each awarded site within 90 days of ownership transfer.

In order to be considered for selection, proposals must receive a score of 70 or higher, excluding bonus points. A score of 70 or higher, however, does not guarantee an award for any particular project. The City of Los Angeles reserves all

rights to recommend applications for funding based on other factors, including but not limited to the right to recommend proposals based on other factors that are in the best interest of the City. See RFP Section V.F for other General City Reservations. Components and maximum scores of each narrative are described below.

**Scoring Criteria**

No.	Evaluation Criteria	Maximum Score
1	<b>Demonstrated Experience and Capacity</b>	<b>40</b>
	a. Operating Housing Facilities - Services and Operations	15
	b. Development, Rehabilitation and Management of Permanent Supportive, and Affordable Housing	15
	c. Fiscal and Budgetary Experience	10
2	<b>Site Specific Proposal</b>	<b>60</b>
	a. Proposed Housing Plan - Alterations, Services, and Operations	25
	b. Proposed Operating Budget	20
	c. Proposed Plan to Convert to Permanent Units	15
3	<b>Bonus Points: Capital and Service Funding Leverage</b>	<b>10</b>
	<b>Maximum Total Points</b>	<b>110</b>

2. Narratives

1. **Demonstrated Experience and Capacity (40 points)**

Not to exceed a total of 10 typewritten pages

**a. Services and Operations (30 points)**

Provide a narrative description of previous experience and capacity in accordance with the Requirements of the Selected Operator, detailed in RFP Section V.B. Narrative may describe the proposer's direct experience or experience of a partner(s) named in the proposal. Include information about:

- i. Proposer's or partner's experience operating housing facilities:
  - a. Successful operation of interim housing, emergency shelter, or transitional housing for at least three (3) years for people experiencing homelessness.
  - b. Experience linking interim housing program participants to permanent housing to ensure long-term housing stability, including experience providing the following supportive services throughout the housing process, either directly or through partners:
    - 1. Case management;
    - 2. Behavioral and physical health services;

3. Physical health services;
  4. Assistance obtaining benefits and essential documentation; and
  5. Education and employment services.
- c. Experience operating a program according to Housing First principles of harm reduction and low barriers to entry and providing services according to each household's needs and challenges as identified through frequent and thorough assessment.
  - d. If applying for more than one site, a description of the proposer's or partner's capacity to meet the requirement to occupy 50 percent of rooms in each awarded site within 90 days of ownership transfer.
- ii. Provide applicable documents to support the above narrative, including but not limited to:
    - a. Provide a letter of good standing from a proposer's or partner's major service funder confirming that the proposer or partner has successfully operated housing for a minimum of three (3) years.

If the proposer or partner supports services without public funding, the proposer or partner must provide a letter from their board of directors and documentation confirming that the proposer or partner has successfully operated interim housing for a minimum of three (3) years.

- iii. Provide a narrative description of the demonstrated capacity of the proposer, partner(s) or subcontractor(s) to develop, rehabilitate, and manage permanent supportive and affordable housing in accordance with Requirements of the Selected Operator, detailed in RFP Section V.C. Include information about:
  - a. Capacity to develop and rehabilitate housing:
    1. Proposer's or partner's experience developing, rehabilitating and managing the construction of permanent affordable and supportive housing projects (including project management) and results of that involvement.
    2. Provide a narrative description of proposer's or partner's experience completing life and safety and ADA upgrades as detailed in RFP Section III.B., or experience completing or managing similar types of building upgrades.
    3. Proposer's or partner's experience implementing construction projects according to California's prevailing wage requirements, as described in RFP Section III.B.
  - b. Capacity to manage permanent supportive and affordable housing:
    1. Provide a narrative description of the proposer's or partner's property management experience, including:

- a. Three (3) or more years of property management experience of facilities serving persons experiencing homelessness or at risk of homelessness.
    - b. Operation of permanent affordable and supportive housing, or at least two (2) affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who is homeless or at risk of homelessness.
  - iv. Provide applicable documents to support the above narrative, including but not limited to:
    - a. Portfolio of properties currently or formerly managed, including dates of operation.
    - b. Photographic or other evidence of previously performed work.
    - c. Any other relevant documents.

**c. Fiscal and Budgetary Experience (10 Points)**

- i. Provide a narrative description of the proposer’s financial position and capability to implement the project and provide services.
- ii. Provide applicable documents to support the above narrative, including but not limited to:
  - a. Current profits and loss statement, balance sheet, or other documents demonstrating the proposer’s financial position and ability to implement services on a reimbursement basis.
  - b. Current audited financial statements for the past two years, signed by a Certified Public Accountant.
  - c. Current operating budget including funding sources.
  - d. Any other relevant documents.

**2. Site-Specific Proposal**

Not to exceed a total of 10 typewritten letter-size pages

**a. Proposed Housing Plan - Services, Operations, and Alterations (25 points)**

- i. Provide a narrative description of services to be provided and service plan for the site in accordance with the Scope of Required Services, detailed in RFP Section V.A-B, respectively. Include information about:
  - a. Unit Occupancy plan, including:
    - 1. Plan to:
      - a. Occupy at least 50 percent of rooms within 90 days of ownership transfer, if the property is vacant at the time of ownership transfer.
    - b. Description of services to be provided, consistent with the scope of required services (RFP Section III.A) including:
      - 1. Whether each service will be provided by the proposer or partner(s).

2. Whether each service will be provided on or off-site.
  3. Hours of operation.
  4. Daily, monthly, annual service capacity; and
  5. Staffing plan.
- c. Confirmation that the proposer or partner either operates as a collaborative partner within the Los Angeles Continuum of Care Coordinated Entry System (CES) for individuals, youth, and families, as applicable, or a description of how the proposer will coordinate with a CES collaborative partner(s) in their area.
  - d. Demonstration of commitment to non-discrimination, racial equity and inclusion.
  - e. Provide a narrative description of the proposer's plan to manage building operations as described in RFP Section III.B. Include information about:
    1. Plan to maintain the property in a manner that creates a welcoming and respectful community, according to LAHSA's Facilities and Program standards and as described in RFP Section III.B.1.
    2. A qualified person responsible for property management at the proposed project and that person's previous experience in the management of similar properties. Provide the name, telephone number, and e-mail address for said person.
  - f. Based on Physical Needs Assessment for each property, provide a narrative description of the proposer's plan to complete these upgrades as detailed in the Scope of Required Services, RFP Sections III.B.2. Include information about:
    1. Estimated implementation schedule to complete upgrades within 90 days of ownership transfer, including estimated dates for needed inspections, plan check, and project completion, etc.;
    2. Proposed capital improvement project management team.
    3. A qualified person responsible for managing the upgrades and that person's previous experience in the management of similar projects. Provide the name, telephone number, and e-mail address for said person.
- ii. Provide applicable documents to support the above narrative, including but not limited to:
    - a. Memorandum of understanding (MOU) or partnership agreement between the proposer and partner(s) named in the Proposed Housing Plan Narrative, or draft of MOU or partnership agreements to be executed prior to ownership transfer.
    - b. Documentation of CES collaborative partnership or partner agreement with CES collaborative partner.
    - c. Signed non-discrimination statement consistent with RFP Section V.D.
    - d. Staffing plan.

- e. Property maintenance plan.
- f. Documentation supporting proposer's ability to complete life and safety upgrades within 90 days of funding award.
- g. Any other relevant documents.

**b. Proposed Operating Budget (20 points)**

- i. Provide a narrative description of the proposed operating budget for each site. Proposals for each site will be ranked and scored in order of cost - least expensive proposals will receive the most points, most expensive proposals will receive the fewest points. Include information about:
  - a. Proposed estimated budget for housing services and operations using Attachment 6 – Services and Operations Budget Template.
  - b. Estimated budget for Accessibility/Life Safety Upgrades, based on Physical Needs Assessment.
- ii. Provide applicable documents to support the above narrative, including but not limited to:
  - a. Any available documents used to estimate costs provided in this narrative.
  - b. Proposed expenditure milestones Schedule for Accessibility/Life Safety Upgrades.
  - c. Any other relevant documents.

**c. Proposed Plan to Convert to Permanent Units (15 Points Possible)**

- i. Provide a narrative description of the implementation plan to both complete building upgrades and operate permanent affordable and supportive housing in accordance with the Requirements of the Selected Owner Operator and Scope of Required Services detailed in RFP Section II.A. Include information about:
  - a. Description of units upon conversion as follows:
    - 1. Proposed target population;
    - 2. Number of units by affordability standard (Extremely Low-, Very Low-, Low-income); and
    - 3. Number of units that will be affordable and supportive.
  - b. Services that will be available after conversion, including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits and essential documentation, and education and employment services.
  - c. Description of the approach to securing off-site services including primary care and other physical health and behavioral health services as well as other tenancy supports.
  - d. Development and Conversion Plan should include information about the plan to secure public or private capital, operating subsidies, and services funding needed to convert the site to permanent housing, including funding sources and proposed income level for units.

- e. Proposer's draft plan to manage the conversion project, including timeline, estimated budget, and plan to secure funding to complete the upgrades.
- g. If the conversion is anticipated to result in the displacement of housing residents, describe the assistance and benefits to be provided in compliance with local, state and federal law, if applicable.
- ii. Provide applicable documents to support the above narratives, including but not limited to:
  - a. Draft budget for conversion, including anticipated sources of funds.
  - b. Draft staffing plan;
  - c. Any other relevant documents.

**3. Bonus Points - Capital or Service Funding Leverage (10 Points Maximum)**

Not to exceed a total of ten typewritten pages

- a. Provide a narrative description of any non-City funding the proposer will commit for project capital or operating costs during the initial housing operation period. Funding must be available for the project at the time of ownership transfer. One (1) point will be provided for each five (5) percent of total capital and operating costs during the initial housing period that can be provided by the proposer, for a maximum of ten points. Include information about:
  - 1. All current and proposed non-City funding sources being committed to the project; including letters of funding commitments or other proof of fund availability.
  - 2. Details about each funding source's applicability to the project, such as eligible uses, term of commitment, etc.
  - 3. A calculation of the percentage of the overall project capital and operating costs during the initial housing period that could be supported by the Proposer.
- b. Provide applicable documents to support the above narrative, including but not limited to:
  - 1. Documentation of current and proposed funding commitments (e.g. letters of award, commitment, etc. must specify amount) from other sources, including confirmation that funding will be available at the time of ownership transfer.
  - 2. If an ongoing building operating or services cost subsidy is being proposed, supporting documents demonstrating that the subsidy is committed to the Proposer or project for the full initial housing operating period - a minimum of three (3) years, and a maximum of five (5) years.

**AUTHORIZING RESOLUTION**

Resolution No.:

**A RESOLUTION OF THE GOVERNING BODY OF CITY OF LOS ANGELES AUTHORIZING APPLICATION TO THE HOMEKEY PROGRAM**

**WHEREAS:**

A. The Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (“**NOFA**”), dated September 9, 2021, for the Homekey Program (“**Homekey**” or “**Homekey Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.)

B. CITY OF LOS ANGELES (“**Applicant**”) desires to apply for Homekey grant funds. Towards that end, Applicant is submitting an application for Homekey funds (“**Application**”) to the Department for review and consideration.

C. The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey Program.

**THEREFORE, IT IS RESOLVED THAT:**

1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the NOFA, dated September 9, 2021, and to apply for Homekey grant funds in a total amount not to exceed \$\_\_\_\_\_. That amount includes \$-\_\_\_\_\_ for capital expenditures (as allowed under Health and Saf. Code, § 50675.1.1, subd. (a)(1)-(6)) and \$\_\_\_\_\_ for a capitalized operating subsidy (as allowed under Health and Saf. Code, § 50675.1.1, subd. (a)(7)).
2. If the Application is approved, Applicant is hereby authorized and directed to ensure that any funds awarded for capital expenditures are spent by **[date]**, and that any funds awarded for capitalized operating subsidies are spent by **[date]**.
3. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$\_\_\_\_\_, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “**Homekey Documents**”).
4. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
5. **[NAME OF AUTHORIZED SIGNATORY, TITLE OF AUTHORIZED SIGNATORY]**, **[Optional: or his or her designee,]** is authorized to execute the Application and the Homekey Documents on behalf of Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:\_\_\_\_\_ NAYES:\_\_\_\_\_ ABSTAIN:\_\_\_\_\_ ABSENT:\_\_\_\_\_

The undersigned, [NAME, TITLE OF SIGNATORY] of Applicant, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

SIGNATURE:

DATE:

NAME:

TITLE:

## NOTICE AND INSTRUCTIONS

1. **Notice.** The Department is providing this template Authorizing Resolution as informational guidance only. The Department encourages each Applicant to consult with professional legal counsel during the development of its own formal, legally binding statement that it is authorized to apply to and participate in the Homekey Program.
  - a. Please note, however, that any limitations or conditions on the authority of the signatory or signatories to execute the Application or the Homekey Documents may result in the Department rejecting the Authorizing Resolution.
2. **Accuracy, Verification.** The Department will verify that this Authorizing Resolution comports with the legal authority and composition of Applicant's governing body. Applicant must timely notify the Department, in writing, of any factors that limit its ability to provide an Authorizing Resolution which is materially in line with this template.
3. **Dollar Amounts of Grant Awards.** The Department recommends identifying an authorized dollar amount that is at least double the anticipated award (based on current formula calculations). Award amounts are subject to change. If Applicant is ultimately awarded an amount in excess of the amount identified in the Authorizing Resolution, the Department will require a new Authorizing Resolution from Applicant before execution of a Standard Agreement.
4. **Authorized Signatory or Signatories, Designee.** Applicant, as a Local Public Entity, may designate an authorized signatory by title only. In addition, Applicant may authorize multiple signatories, so long as there is clarifying language as to whether the signatories are authorized to execute the Homekey Documents individually or collectively. In addition, Applicant may authorize a designee of the authorized signatory to execute the Homekey Documents. In such case, Applicant must append a supporting document (e.g., memorandum, meeting notes of official action), which indicates the name and title of the designee who is authorized to legally bind the governing body.
5. **Vote Count.** Please fill out the field by every voting category (i.e., Ayes, Nays, Abstain, Absent). If none, please indicate zero (0) for that field. The vote count must comport with the legal authority and membership of the Applicant's governing body.
6. **Certification of Authorizing Resolution.** The individual who certifies the Authorizing Resolution cannot also be authorized to execute the Homekey Documents on behalf of Applicant.