

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 16, 2023

CAO File No. 0220-00540-1666
Council File No. 21-0112-S3
Council District: 4, 5, 11, and 12

To: The Council
The Mayor

From: *Uplanda Chavez*
for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated June 9, 2023; Received by the City Administrative Officer on June 12, 2023; Additional information received through June 15, 2023

Subject: **RECOMMENDATIONS RELATED TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT HOMEKEY PROGRAM, ROUND 3**

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD) transmittal, dated June 8, 2023 (Report), relative to the State of California Department of Housing and Community Development's (HCD) Homekey Program, Round 3 (Homekey 3);
2. Approve the recommended list of developers listed in Attachment A of the LAHD Report selected as potential co-applicants in response to the Homekey 3 Request for Qualifications;
3. Adopt the Authorizing Resolutions, provided in substantial final form and included as Attachment 2 of this report, approving the LAHD's participation as a co-applicant in the HCD Homekey 3 Program, as required by the HCD, in order to submit the funding applications;
4. Re-approve and obligate \$65.57 million for the Homekey 3 City match and funding recommendation letters:

Funding Source	Amount
HOME ARP	\$ 17,177,519
Homeless Housing, Assistance and Prevention Program (HHAP)-2 Youth Set-Aside	\$ 3,263,400
HHAP-3 Youth Set-Aside	\$ 4,366,800
HHAP-3 Permanent Supportive Housing Set-Aside	\$ 15,000,000
State Permanent Local Housing Allocation Grant (SB2)	\$ 15,762,481
HOME Program Income	\$ 10,000,000
Total	\$ 65,570,200

5. Approve sole source loan(s) to the Housing Authority of the City of Los Angeles (HACLA) in an amount up to \$30 million to fund the three HACLA Homekey 3 projects listed in Table 2 of this report, based on the reasons described in this report;
6. Authorize the General Manager of the LAHD, or designee, to:
 - a. Apply to the HCD Homekey 3 Notice of Funding Availability as co-applicants in partnership with the development teams listed in Attachment 1 of this report;
 - b. Execute, on behalf of the City, a Standard Agreement, Joint Application Agreement, and all related application documents for each of the projects selected in Attachment 1 and Table 1 of this report that meet the Homekey 3 requirements, subject to the review of the City Attorney as to form and legality;
 - c. Issue funding recommendation letters for the three projects identified in Table 1 of this report applying for Homekey 3 funds, subject to the following conditions:
 - i. The final funding recommendation will not exceed the amount listed in Table 1 of this report;
 - ii. The project sponsor or co-applicant must apply to the Homekey 3;
 - iii. The disbursement of City funds will occur only after the sponsor obtains enforceable commitments for all proposed funding;
 - d. Work in consultation with the City Attorney to draft, negotiate, and execute loan documents (including acquisition, construction, regulatory agreements, deeds of trust, and any necessary legal documents), for the acquisition, rehabilitation, and operational subsidy components of funding for each of the Homekey 3 sites, if the applications are successful, with the sites' development team or their designated limited partnership or limited liability company affiliates, as listed in Attachment 1 of this report. The loans will be: 1) consistent with the conditions obtained in the LAHD Funding Recommendation Letter and the LAHD Report; 2) made for each project for a maximum loan amount listed in Attachment 1 or Table 1 of this report from among the component funding sources listed in Table 3 of this report, as determined by the LAHD in consultation with the Office of the City Administrative Officer (CAO); and 3) subject to the review and approval as to form and legality.
 - e. Execute subordination agreements of the City's financial commitment, wherein the City and Regulatory Agreements are subordinated to their respective conventional or municipally funded construction and permanent loans, as required, and consistent with LAHD policy and HCD Homekey requirements;
 - f. Allow the transfer of the City's financial commitment for the projects identified in this report's Table 1 to a limited partnership, or other affiliate legal entity formed solely for the purpose of owning and operating the project, in accordance with City, state, and federal requirements;

- g. Work in consultation with the City Attorney to draft, negotiate, and execute sole source loan documents with HACLA for the three Homekey 3 projects, if awarded, in a net amount up to \$30 million, as described in Table 2 of this report, from among the component funding sources listed in Table 3 of this report, with terms consistent with the Affordable Housing Managed Pipeline regulations, with an exception related to the interest rate to allow LAHD to negotiate the interest rate down to one percent if HACLA is able to demonstrate the project is not financially feasible at the higher rates, subject to review and approval of the City Attorney as to form and legality;
 - h. Increase, decrease, and/or replace the funding sources allocated for each Homekey 3 project with the condition that the funding does not exceed the total Homekey allocation by funding source (Table 3 of this report) or the City Match amount of the projects;
- 7. Direct the LAHD, in partnership with the co-applicant, to conduct due diligence, including accessibility assessments, on each of the proposed Homekey 3 properties prior to acquisition;
 - 8. Authorize the General Manager of the LAHD or the CAO, or designees, to prepare Controller instructions and any technical corrections as necessary to effectuate the disbursement of City funds for Homekey 3 projects at closing, pursuant to loan agreements executed for each Homekey 3 project, subject to the approval of the CAO; and,
 - 9. Note the use of up to \$31,567,800 from the 2023-24 Adopted Budget, General City Purposes Fund No. 100/56, Account No. 000959, Homelessness Emergency Account for the Homekey 3 Program, subject to the approval of the Mayor's Office.

SUMMARY

In its transmittal, dated June 9, 2023 (Report), the Los Angeles Housing Department (LAHD) requests various actions related to the State of California Department of Housing and Community Development's (HCD) Homekey Program, Round 3 (Homekey 3). This includes requests for the Council to: 1) approve the recommended list of developers selected to be co-applicants for Homekey 3; 2) authorize the LAHD to apply to Homekey 3 in partnership with the recommended co-applicants for three projects and related actions; 3) authorize the LAHD to issue funding recommendation letters for the three proposed Homekey 3 projects; and, 4) authorize the LAHD to execute the necessary loan documents with selected applicants or owner/operators. The LAHD also requests that Council approve the following: 1) the use of up to \$67.14 million in City funding for the acquisition, rehabilitation, and operation subsidies of Homekey 3 sites, and 2) obligating and transferring \$30 million as a loan to Housing Authority of the City of Los Angeles (HACLA) to assist in HACLA's acquisition and rehabilitation of Homekey 3 projects. The deadline to apply to the HCD Homekey 3 Program is July 28, 2023.

City Homekey 3 Sites

The recommended list of co-applicants and sites were selected from the Request for Qualifications (RFQ) process conducted for Homekey 3, as described in the LAHD Report. A summary of the proposals received in response to the RFQ is included in the LAHD Report for the Council and Mayor's

reference. The LAHD is requesting authority to apply for Homekey funding for the following three interim housing sites: 1) Motel 6 – North Hills; 2) Oak Tree Inn; and, 3) Cheviot Hills – Shelby. The three projects will consist of the acquisition and rehabilitation of three sites, and provide 211 units of interim housing and three manager units. The target population for one of the projects, Oak Tree Inn, will be Transition Age Youth. The table below includes the unit information, the amount of Homekey 3 funding that the City is applying for, and the recommended City match amount for each project. Additional information regarding each project can be found in the attachments of this report and the LAHD Report.

Table 1: Proposed City Homekey 3 Sites

Project Name	CD	Total Units (inc. Mgr. Units)	Interim Hsg. Units	HCD Homekey Request	City Capital	City Operating	Total City* Match Amount
Motel 6 – North Hills	12	111	110	\$ 32,060,000	\$ 11,880,000	\$ 16,060,000	\$ 27,940,000
Oak Tree Inn	4	27	26	8,460,400	3,834,200	3,796,000	7,630,200
Cheviot Hills – Shelby	5	76	75	26,580,000	20,471,800	\$11,096,000	31,567,800
Total		214	211	\$ 67,100,400	\$ 36,186,000	\$ 30,952,000	\$ 67,138,000
* Total City Match includes City Capital (acquisition and rehabilitation) plus City Operating.							

Subsequent to the release of its Report, the LAHD provided revised Resolutions and project summaries in order to: 1) correct the address for the Oak Tree Inn site, which should read 17448 Ventura Blvd, and 2) include the financing breakout for the Motel 6 – North Hills site. The revised documents are attached to this report for the Mayor and Council’s adoption or reference. The Office of the City Administrative Officer (CAO) concurs with the recommendations related to the Homekey 3 applications and funding recommendation letters, but this Office recommends one additional recommendation not included in the LAHD Report. The CAO recommends that Council direct the LAHD, in partnership with the co-applicant, to conduct due diligence, including accessibility assessments, on each of the proposed Homekey 3 properties prior to acquisition. The recommendation is proposed to ensure that the projects the City is applying for are feasible and will not have unanticipated rehabilitation cost increases.

HACLA Loan for Homekey 3

In its Report, the LAHD also requests authority to issue a sole source loan to HACLA in an amount up to \$30 million to help fund Homekey 3 sites that will be acquired solely by HACLA. The LAHD indicates that HACLA needs financial assistance to close the funding gaps to acquire three sites that will produce up to 91 units of permanent supportive housing and three manager units. Subsequent to the release of its Report, the LAHD confirmed that it is seeking sole source authority to execute loan agreements for this purpose. The LAHD indicates that sole source authority is requested based on the findings that HACLA is the only entity in Los Angeles that can apply for the HCD Project Homekey Notice of Funding Availability without having to file a joint application with the City. In addition, HACLA possesses project-based vouchers to fund operating costs, which is fundamental to making the permanent supportive housing projects financially feasible.

Table 2 of this report summarizes the proposed HACLA sites that will be supported by the \$30 million loan(s) at this time. The LAHD indicates that the project details and funding allocated to each project is subject to the change since HACLA is still in the process of performing due diligence on the potential Homekey 3 sites.

Table 2: Proposed HACLA Homekey 3 Sites

No.	Project Name	CD	Housing Type	Total Units (inc. Manager Units)	Supportive Housing Units	Proposed LAHD Loan Amount
1	Sepulveda	4	Permanent Supportive	35	34	\$ 11,530,462
2	McLaughlin	11	Permanent Supportive	26	25	\$ 11,530,462
3	Gramercy	5	Permanent Supportive	33	32	\$ 6,939,076
Total				94	91	\$ 30,000,000

The loan(s) to HACLA will be repaid through residual receipts and will be monitored by LAHD on an annual basis. The LAHD provided the following language related to the proposed loan(s) subsequent to the release of its Report: "Loans will have an interest rate of zero percent (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."

This Office notes that certain LAHD loan terms being proposed for the loans to HACLA materially differ from LAHD's standards terms. For reference, the Affordable Housing Managed Pipeline (AHMP) regulations, approved by the Mayor and Council on September 14, 2022 (C.F. 22-0876), include an interest rate of four percent for all loans, with the option to negotiate a higher or lower interest rate if it is found to be beneficial to the project. The LAHD indicates that the proposed interest rate of zero percent is requested to allow HACLA to acquire at least three sites (with 94 units) in partnership with LAHD. According to LAHD, a higher interest rate would reduce the number of projects they could acquire and result in a lower unit count ranging from zero to 68 units.

The CAO does not recommend approval of the proposed interest rate of zero. Instead, the CAO recommends that the LAHD negotiate loan terms that are consistent with the AHMP regulations or, if needed, to only negotiate the interest rate down to one percent (1%) if HACLA is able to demonstrate the project is not financially feasible at the higher interest rate. The interest rate of one percent is consistent with the rate decrease practice used for the Proposition HHH Program. On June 29, 2018, the Council and Mayoral approved amendments to the 2018-19 Proposition HHH Regulations (C.F. 17-0090-S8) that permit the LAHD to decrease the interest rate up to two percentage points (from three percent to one percent) in cases where the equity investor's capital accounts are negative, and/or other demonstrated adverse financial condition(s) are present.

The CAO also does not recommend approving the transfer, or disbursement, of City funding to HACLA at this time. Instead, the CAO includes a recommendation authorizing the LAHD or CAO to prepare Controller instructions to effectuate the disbursement of funding if HACLA is successful in the

Homekey 3 applications. This report also includes additional recommendations requesting that the Council: 1) approve the LAHD’s proposal to issue up to \$30 million in loan(s) to HACLA to support the Homekey 3 acquisitions and rehabilitation work, and 2) authorize the LAHD to execute sole source loan agreements with HACLA for each project that successfully applies for Homekey 3 funding, subject to the approval of the City Attorney as to form.

City Funding for Homekey 3

On October 7, 2022, the Mayor and Council approved \$79.8 million of City funding to support Homekey 3 (C.F. 21-0112). While the prior Council action is still in effect, the LAHD is re-requesting authority to obligate funding in the amount of \$97.14 million to support Homekey 3 costs and the funding recommendation letters for Homekey 3 co-applicants. Of this amount, \$65.57 million was previously approved by Council. The remaining \$31.57 million will be part of the Homelessness Emergency Account appropriation in the 2023-24 Adopted Budget since the budgeted amount includes a set-aside for acquisitions. The table below summarizes the funding identified for Homekey 3:

Table 3: Funding for Homekey 3 Funding Commitment Letters or Loans

Funding Source	Amount
HOME ARP	\$ 17,177,519
HHAP-2 Youth Set-Aside	\$ 3,263,400
HHAP-3 Youth Set-Aside	\$ 4,366,800
HHAP-3 Permanent Supportive Housing Set-Aside	\$ 15,000,000
State SB 2	\$ 15,762,481
HOME Program Income	\$ 10,000,000
General City Purposes, Homelessness Emergency Account*	\$ 31,567,800
Total	\$ 97,138,000
* Amount is included in the 2023-24 Adopted Budget and is subject to the approval of the Mayor’s Office.	

In its Report, the LAHD requested to obligate the proposed \$97.14 million with a set allocation from each funding source to each proposed Homekey 3 project. This Office revised the recommendations to offer the LAHD the flexibility to reallocate funding allocated for each Homekey 3 project with the condition that the funding does not exceed the total Homekey allocation by funding source or the total City match for each project. This recommendation is needed since the LAHD and the CAO are still discussing the appropriate funding mix for each project to ensure the proposed costs are eligible under each respective funding source.

In summary, this Office concurs with the following recommendations: 1) approving the recommended list of developers selected to be co-applicants for Homekey 3; 2) authorizing the LAHD to apply to Homekey 3 in partnership with the recommended co-applicants for three projects and related actions; 3) authorize the LAHD to issue funding recommendation letters for the three proposed Homekey 3 projects; and, 4) authorize the LAHD to execute the necessary loan documents with selected applicants or owner/operators. The CAO incorporated edits to the funding obligation recommendations to provide the flexibility of reallocating funding between projects provided that the amounts do not exceed the total amount from each funding source or the total match amount by

project, and that the disbursement of funds will occur at closing and subject to Controller instructions prepared by the LAHD or CAO. Lastly, this report includes the following new recommendations: 1) directing the LAHD, in partnership with the co-applicant, to conduct due diligence, including accessibility assessments, on each of the proposed Homekey 3 properties prior to acquisition; 2) approving the LAHD's proposal to issue up to \$30 million in loan(s) to HACLA to support the Homekey 3 acquisitions; and 3) authorizing the LAHD to execute sole source loan agreements with HACLA for the project-specific loan(s), subject to the approval of the City Attorney as to form and legality.

FISCAL IMPACT STATEMENT

The recommendations stated in this report will not have an additional impact to the General Fund. The actions described in this report will be supported by funding sources previously approved by the Mayor and Council for the Homekey 3 Program or the Homelessness Emergency Account allocation in the 2023-24 Adopted Budget.

FINANCIAL POLICIES STATEMENT

The recommendations stated in this report comply with the City's Financial Policies in that one-time revenues will be used to support one-time expenditures.

MWS:MOF:02230163c

Attachments

Proposed LAHD Homekey 3 Sites

Count	Project Name	Applicant Name	CD	Housing Type	Total Units <i>(inc. Manager Units)</i>	Interim Housing Units	HCD Homekey Request	City Capital	City Operating	Total City Match Amount *
1	Motel 6 - North Hills	Hope the Mission/ CDRG	12	Interim Housing	111	110	\$ 32,060,000	\$ 11,880,000	\$ 16,060,000	\$ 27,940,000
2	Oak Tree Inn	Hope the Mission/ CDRG	4	Interim Housing	27	26	\$ 8,460,400	\$ 3,834,200	\$ 3,796,000	\$ 7,630,200
3	Cheviot Hills - Shelby	Weingart	5	Interim Housing	76	75	\$ 26,580,000	\$ 20,471,800	\$ 11,096,000	\$ 31,567,800
				TOTAL	214	211	\$ 67,100,400	\$ 36,186,000	\$ 30,952,000	\$ 67,138,000

* Total City Match includes City Capital (acquisition and rehabilitation) plus City Operating.

ATTACHMENT 2

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-01

15711 W Roscoe Blvd

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO HOPE THE MISSION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- B. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **HOPE THE MISSION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of 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. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$32,060,000**.
2. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$32,060,000**, 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**”).
3. Co-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.

4. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: ____ NAYES: ____ ABSTAIN: ____ ABSENT: ____

The City Council of the City of Los Angeles 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.

DATE

SEAL

CLERK'S NAME

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-02

17448 Ventura Blvd

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO HOPE THE MISSION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- D. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- E. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **HOPE THE MISSION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration.
- F. 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:

- 5. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$8,460,400**.
- 6. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$8,460,400**, 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**”).
- 7. Co-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.

8. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: _____ NAYES: _____ ABSTAIN: _____ ABSENT: _____

The City Council of the City of Los Angeles 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.

DATE

SEAL

CLERK'S NAME

AUTHORIZING RESOLUTION

RESOLUTION NO. 2023-03

3340 Shelby Dr

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LOS ANGELES AUTHORIZING JOINT APPLICATION TO WEINGART CENTER ASSOCIATION AND PARTICIPATION IN THE HOMEKEY PROGRAM

WHEREAS:

- G. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated March 29, 2023 (“**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- H. **CITY OF LOS ANGELES** (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with **WEINGART CENTER ASSOCIATION** (“**Corporation**”). Therefore, Co-Applicant is joining Corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration.
- I. 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:

9. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$26,580,000**.
10. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$26,580,000**, 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**”).
11. Co-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.

12. **Ann Sewill, General Manager, and Daniel Huynh, Assistant General Manager,** are authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote:

AYES: ____ NAYES: ____ ABSTAIN: ____ ABSENT: ____

The City Council of the City of Los Angeles 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.

DATE

SEAL

CLERK'S NAME

ATTACHMENT 3

PROJECT SUMMARY

Oak Tree Inn – 17448 Ventura Blvd, Encino CA 91316

PROJECT DESCRIPTION

The Oak Tree Inn is located at 17448 Ventura Blvd, Encino CA 91316 in Council District 4. It will be an acquisition and rehabilitation of an existing Motel built in 1949 with 26 rooms and one manager's unit. The goal of the project is to convert the motel into an interim Transition Age Youth (TAY) housing development with 26 units of interim housing, while converting the manager's unit and lobby into a supportive service area. It is an excellent location for TAY interim housing, as the youth will be in a pedestrian oriented environment with easy access to retail and service jobs, high quality transit, and other youth amenities. The motel consists of one wood construction two-story building and two wood construction one-story buildings around a central motor court. The two-story building has guest units on the second floor and the manager's unit, storage, and lobby on the ground floor. Guest rooms will be upgraded with new floor and wall coverings, new windows and doors where needed, new bathroom fixtures such as toilet and shower, and energy upgrades. The exterior of the site will be upgraded with ADA improvements, and a portion of the motor court area will be converted to outdoor gathering space. The motel has two other planted areas – on the west side and on the north side facing Ventura Blvd—that can be converted to verdant outdoor gathering areas.

The property has only one vehicular entry through a portal in the two-story building, and that portal will be upgraded with a gate to secure the entire site. Cameras will be installed throughout, ensuring a safe environment for residents and staff. We anticipate a fair amount of site work across the site, with opportunities to convert the motor court into outdoor gathering space. Solar panels will be installed on the roof, and a new energy efficient boiler will be installed. Other amenities will include a common gathering areas throughout and planted courtyards throughout the large site.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Hope the Mission (HTM) is the only owner and developer and will not form any partnerships.

POPULATION SERVED

Twenty-six (26) units will be reserved for homeless transition aged youth (TAY) individuals aged 18-24. Hope the Mission (HTM) provides comprehensive array of services to support individuals in moving them across the housing continuum. For youth services, HTM partners with Village Family Services(VFS), the lead Coordinated Entry System entity for TAY in this region. VFS will provide youth-specific services on site and has additional resources at their main campus a short drive away in North Hollywood. Services include intake & assessment, case management, housing navigation, referral & linkages, and basic needs (e.g., food, showers, clothing, laundry). We foster partnerships with other community providers to enhance our interim housing programs and include specialized services such as substance use, physical health services, mental health services with the Department of Mental Health and San Fernando Community Mental Health Center Inc. HTM will make extra effort to promote housing navigation to align with the Mayor's Inside Safe campaign.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	26	0	0	26
1- Bdrm	0	0	0	0
2 Bdrm	0	0	0	0
Total	26	0	0	26

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$ 7,150,000	\$ 275,000	67%
LAHD- HOME/ARP	\$3,550,100	\$ 136,542	33%
TOTAL	\$10,700,100	\$411,543	100%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 7,310,000	\$281,154	68.3%
Construction Hard Costs	\$ 1,825,000	\$70,192	17.1%
Hard Cost Contingency	\$200,000	\$7,692	1.9%
Architecture & Engineering	\$250,000	\$9,615	2.3%
Financing/ Legal	\$5,000	\$192	0.0%
Capitalized Reserves	\$9,000	\$346	0.1%
Soft Costs	\$272,000	\$10,462	2.5%
Soft Cost Contingency	\$50,000	\$1,923	0.5%
Developer Fee	\$ 780,000	\$30,000	0.0%
Non- Residential	\$ -	\$ -	0.0%
TOTAL	\$10,700,100	\$411,581	100%

OPERATING SUBSIDIES

Per the HCD Homekey regulations, if Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for three years. The project will use its existing LAHSA contract approximately for four years to meet the requirements of the Homekey program. The project is eligible for \$1,310,400 in HomeKey operating subsidy.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro route 240	Ventura Blvd and Encino Ave Encino CA 91316
Grocery Store	Within 1/2 mile radius	Sabzee Market	17461 Ventura Blvd Encino CA 91316
Health Facility	Within ½ mile radius	Family Urgent Care and Industrial Medical Clinic	16542 Ventura Blvd Encino CA 91316
Library	Within 1 mile radius	Encino – Tarzana Branch Library	18231 Ventura Blvd Encino CA 91316
Pharmacy	Within 1/2 mile radius	CVS Pharmacy	17230 Ventura Blvd Encino CA 91316
Park	Within 1 mile radius	Encino Park	16953 Ventura Blvd Encino CA 91316

TIMELINE

Milestone	Estimated Date
Open Escrow	2/24/2023
Apply to HomeKey	5/20/2023
HomeKey Award	7/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	12/1/2023
Construction end	7/30/2024
Placed in service	7/30/2024
Project meets HomeKey occupancy requirements	10/31/2024

PROJECT SUMMARY

Motel 6 North Hills - 15711 W. Roscoe Blvd, North Hills, CA 91343

PROJECT DESCRIPTION

Motel 6 North Hills is located at 15711 West Roscoe Boulevard, North Hills, CA 91343 in Council District 12. It will be an acquisition and rehabilitation of an existing Motel built in 1979 with 114 rooms. The goal of the project is to convert the motel into an interim housing development with 110 units of supportive housing, one manager’s unit, and supportive service area. The current building is a two-story wood-framed stucco “L” shaped building with guest rooms on both floors in both wings. Guest rooms will be upgraded with new floor and wall coverings, new windows and doors where needed, new bathroom fixtures such as toilet and shower, and energy upgrades.

The property will be upgraded with fences or barriers for security where appropriate, and cameras will be installed throughout, ensuring a safe environment for residents and staff. We anticipate a fair amount of site work across the site, with opportunities to fill the pool in and convert some of the parking to usable outdoor space. Solar panels will be installed on the roof, and a new energy efficient boiler will be installed. Parking is located on the ground floor and the developer will look for mental and behavioral health uses to be installed on the underutilized parking lot in the future. Other amenities will include a common gathering areas throughout and planted courtyard in place of the swimming pool on the southern portion of the site. The building already has fire sprinklers.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Hope the Mission (HTM) is the developer, and will not form any partnerships.

POPULATION SERVED

One-Hundred and Ten (110) units will be reserved for homeless individuals (interim). Hope the Mission (HTM) provides comprehensive array of services to support individuals in moving them across the housing continuum. Services include intake & assessment, case management, housing navigation, referral & linkages, and basic needs (e.g., food, showers, clothing, laundry). We foster partnerships with other community providers to enhance our interim housing programs and include specialized services such as substance use, physical health services, mental health services with the Department of Mental Health and San Fernando Community Mental Health Center Inc. HTM will make extra effort to promote housing navigation to align with the Mayor’s Inside Safe campaign.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	110			110
1- Bdrm				
2 Bdrm			1	1
Total	110		1	111

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$ 28,100,000	\$ 250,893	72%
LAHD- HOME/ARP	11,000,000	98,214	28%
TOTAL	\$39,100,000	\$464,974	100%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 24,010,000	\$214,375	61.4%
Construction Hard Costs	\$10,757,000	\$96,045	27.5%
Hard Cost Contingency	\$200,000	\$1,786	0.5%
Architecture & Engineering	\$750,000	\$6,696	1.9%
Financing/ Legal	\$380,000	\$3,393	1.0%
Capitalized Reserves	\$100,000	\$893	0.3%
Soft Costs	\$903,000	\$8,063	2.3%
Soft Cost Contingency	\$100,000	\$893	0.3%
Relocation	\$10,000	\$89	0.0%
Developer Fee	\$1,890,000	\$16,875	4.8%
Non- Residential	\$ -	\$ -	0.0%
TOTAL	\$39,100,000	\$349,107	100.0%

OPERATING SUBSIDIES

Per the HCD Homekey regulations, if Projects can demonstrate a commitment of up to four years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for two years. The project will require approximately \$16,060,000 in LAHD operating subsidies for three years in order to meet the requirements of the Homekey program. The project is eligible for \$3,960,000 in HCD Homekey operating subsidy.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro route 152	Roscoe and Haskell Van Nuys CA
Grocery Store	Within 1 mile radius	Food 4 Less	16208 Parthenia St North Hills CA 91343
Health Facility	Within ½ mile radius	Mission City Community Network	8527 Sepulveda Blvd North Hills, CA 91343
Library	Within 2 mile radius	Mid Valley Regional Library	16244 Nordhoff St North Hills, CA 91343
Pharmacy	Within 1 mile radius	Metro Pharmacy	8660 Woodley Ave North Hills, CA 91343
Park	Within 1 mile radius	North Hills Community Park	8756 Parthenia Pl North Hills, CA 91343

TIMELINE

Milestone	Estimated Date
Open Escrow	2/24/2023
Apply to HomeKey	5/20/2023
HomeKey Award	7/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	12/1/2023
Construction end	7/30/2024
Placed in service	7/30/2024
Project meets HomeKey occupancy requirements	10/31/2024

PROJECT SUMMARY

Cheviot Hills – 3340 Shelby Dr, Los Angeles, CA 90034

PROJECT DESCRIPTION

Shelby Drive Interim Housing is located at 3340 Shelby Dr, Los Angeles, CA 90034, in Council District 5. It will be an acquisition and rehabilitation of an existing Assisted Living facility built in 1968 with 76 rooms and multiple common and amenity areas. The goal of the project is to convert the facility into an interim housing development with 76 units of interim housing while converting office and other common areas into supportive service area and community amenities. It is an excellent location for interim housing, as the occupants will be in a pedestrian-oriented environment with easy access to retail and service jobs, high-quality transit, and other amenities. The facility consists of one wood-construction three-story building (two stories wood, 1 story concrete/parking). The three-story building has guest units, common areas, and offices on the first and second floors with underground parking, storage, laundry, and utility areas on the first floor parking garage. Rooms will be upgraded with new floor and wall coverings as needed, new windows and doors as needed, new bathroom fixtures such as toilet and shower as needed. ADA and other code upgrades will be made as needed. Security and site upgrades will be completed. Some offices and common areas will be reconfigured in order to create resident services and management offices. No units will be taken offline.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Weingart Center Association (Weingart) is the only owner and developer and may form an LLC which would be the ownership entity.

POPULATION SERVED

Seventy-six (76) units will be reserved for homeless individuals. Weingart provides a comprehensive array of services to support individuals in moving them across the housing continuum.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio/SRO	76	0	0	76
1- Bdrm	0	0	0	0
2 Bdrm	0	0	0	0
Total	76	0	0	76

PERMANENT SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD Project Homekey Funds	\$22,800,000	\$0	0%
LAHD- HOME/ARP	\$18,955,290	\$0	0%
TOTAL	\$41,755,290	\$0	0%

USES

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 30,440,000	\$ 400,526	72.9%
Construction Hard Costs	\$ 5,959,065	\$ 78,409	14.27%
Hard Cost Contingency	\$ 893,860	\$ 11,761	2.14%
Architecture & Engineering	\$ 375,000	\$ 4,934	0.90%
Financing/ Legal	\$ 776,365	\$ 10,215	1.86%
Capitalized Reserves	\$ 200,000	\$ 2,632	0.48%
Soft Costs	\$ 1,376,000	\$ 18,105	3.30%
Soft Cost Contingency	\$ 200,000	\$ 2,632	0.48%
Developer Fee	\$ 1,535,000	\$ 20,197	3.68%
Non- Residential	\$0		
TOTAL	\$ 41,755,290	\$ 549,412	100%

OPERATING SUBSIDIES

The developer will be targeting chronically homeless individuals. In order to generate \$3,780,000 in HomeKey operating subsidy, the developer is requesting \$11,096,000 in LAHD operating subsidy, to create a four year operating reserve.

PROJECT SITE AMENITIES

	Distance	Name	Address
Proximity to Transit	Within ½ mile of a bus rapid station	Metro E Line	Palms Station (Manning and National)
Grocery Store	Within ½ mile radius	Vons Supermarket	9860 National Blvd Los Angeles, CA 90034
Health Facility	Within ½ mile radius	Exer Medical Corp	8985 Venice Blvd., Los Angeles, CA 90034
Library	Within 1 mile radius	Palms-Rancho Park Branch Library	Palms Park, 2920 Overland Ave, Los Angeles, CA 90064
Pharmacy	Within ½ mile radius	CVS Pharmacy	3010 S Sepulveda Blvd, Los Angeles, CA 90034
Park	Within ½ mile radius	Woodbine Park	3409 Vinton Ave, Los Angeles, CA 90034

TIMELINE

Milestone	Estimated Date
Open Escrow	6/23/2023
Apply to HomeKey	7/7/2023
HomeKey Award	9/30/2023
Standard Agreement finalized	10/30/2023
Funds received, Construction begins	11/30/2023
Construction end	4/30/2024
Placed in service	5/1/2024
Project meets HomeKey occupancy requirements	7/1/2024