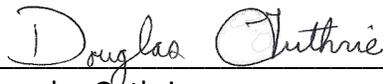
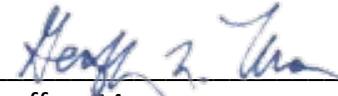


RESOLUTIONS APPROVING THE ACQUISITION OF THE FOLLOWING TWO (2) REAL PROPERTY ASSETS AT FAIR MARKET VALUE: (1) 6521 BRYNHURST AVENUE, LOS ANGELES, CALIFORNIA 90043, FOR \$ 17,340,000, AND (2) 7639 VAN NUYS BOULEVARD, LOS ANGELES, CALIFORNIA 91405, FOR \$16,600,000, IN ANTICIPATION OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") EXPECTED NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING PURCHASE AND SALE AGREEMENTS, AND HCD STANDARD AGREEMENTS; MAKING A DETERMINATION THAT THESE ACQUISITIONS ARE EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH



Douglas Guthrie
President & Chief Executive Officer



Geoffrey Moen
Director of Development

Purpose: To allow the Housing Authority of the City of Los Angeles ("HACLA" or "Authority"), in collaboration with the City of Los Angeles ("City") through a to-be-executed Professional Services Agreement, to purchase two (2) newly-constructed multifamily properties (each a "Property," and together the "Properties" or the "City Properties") in anticipation of the State of California ("State") Department of Housing and Community Development's ("HCD") forthcoming Notice of Funding Availability ("NOFA") for the upcoming second round of the Project Homekey Program ("Homekey"). Actions are required to be taken at this time in order to meet the contingency requirements for Board of Commissioner consideration within sixty-days of the execution of the Purchase and Sale Agreements.

This report provides a detailed explanation of each of the properties selected for purchase on behalf of the City at this time, with property acquisition summaries attached hereto as **Attachments 3 and 4**. While HACLA has acted as the lead on behalf of the City in entering into purchase agreements and opening of escrow for the Properties, all financing to close escrow on the properties will be provided by the City through its receipt of the grant funding from HCD's Project Homekey Program and other City funding for projects not awarded Homekey funds. HACLA has funded the initial deposits, which will be reimbursed at closing by the City.

Regarding:

Resolution No. 9710, adopted by the HACLA Board of Commissioners (“Board”) on May 27, 2021, authorized HACLA to submit multiple applications, on its own behalf and in collaboration with the City, in response to the upcoming 2021 NOFA, to apply for Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy; to enter into one or more Standard Agreements with HCD; to enter into a Memorandum of Understanding with the City; and to execute any related agreements, documents and contracts.

Issues:

*Homekey
Program*

The State created Homekey in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic. Funding for the first round of the program was initially made available in July of 2020, with \$550 million in federal Coronavirus Relief Funds (“CRF”) and \$50 million in State general funds. An additional \$200 million in CRF was announced in October of 2020, bringing the total program funding to approximately \$800 million. Overall, the first round of the program created 5,911 units across the State. HACLA acquired 15 properties on its own behalf and on behalf of the City, comprising 12 hotels or motels, 2 multifamily properties, and 1 coop living property with a total of 750 units at a cost of \$177,608,948 (or \$236,812 per unit) leveraging \$120,456,697 in Homekey during the first round.

On June 28, 2021, the State enacted a budget for 2021-2022 with \$2.75 billion in funding for a second round of Homekey, including \$2.2 billion in CRF and \$550 million from the State’s general fund. HCD is currently preparing a NOFA with program requirements and scoring criteria for the second round of Homekey, with an expected public release in September of 2021 (“2021 NOFA”).

New guidelines for the second round of Homekey have not yet been released, but HCD staff has held numerous conversations with participating jurisdictions from the 2020 Homekey round and have indicated they will maintain many of the same targets and approach as the 2020 NOFA. Given that funding from CRF is being utilized, it is expected that the 2021 Homekey Program will still be focused on producing more permanent housing solutions for people impacted by COVID-19 as well as targeting people specifically experiencing homelessness or at risk of experiencing homelessness as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

The 2020 NOFA required jurisdictions to only submit “ready” projects that could meet expedited expenditure requirements. Applications in the second round are expected to be received and evaluated on a rolling basis. Other elements of the NOFA which are expected to remain from the first round are the prioritization of projects that can meet occupancy or partial occupancy requirements in a shorter period of time and that have a clear path for use as permanent housing. Although the City and HACLA found success in a lower bottom line concentrating on acquisition and rehabilitation of hotels and motels, the City, through the Los Angeles Housing Department is pivoting in this round to focus on purchasing 100% vacant multi-family in ready-to-occupy condition. This approach carries a higher cost per unit on the front end but provides certainty in swift occupancy and no trailing costs for rehabilitation or conversion.

Given the tight housing market in Los Angeles, the pool of properties meeting these requirements and priced within a range that creates financial feasibility from a debt and operations perspective is limited. HACLA began tracking properties in January immediately following the first round of Homekey, and identified multiple properties that appeared to meet underwriting criteria and expected Homekey requirements. In order to be prepared for the swift turnaround of applications which was a hallmark of the 2020 Homekey round, HACLA on behalf of the City of Los Angeles is actively negotiating with sellers, issuing Letters of Intent, and executing purchase and sale agreements to secure properties prior to the release of the NOFA. The uncertainty around award timing and selection requires HACLA to negotiate longer escrow and contingency periods than is conventional in market rate transactions, at times resulting in tradeoffs with respect to deposit amounts and refundability and purchase prices.

The first round of Homekey provided up to \$200,000 per unit in State HCD funds for acquisition costs according to the following formula: i) the first \$100,000 of Homekey funds did not require a local match; ii) the next \$50,000 required a one-for-one match; and iii) the last \$50,000 required a two-for-one match. Thus, any project needing the full \$200,000 from Homekey was required to demonstrate a local match equal to \$150,000. The match funds could be used towards upfront costs, cost of acquisition, rehabilitation, or longer-term operating subsidy.

HCD has not yet released the maximum per unit Homekey grant and the local match formula for the second round of Homekey. There is hope that jurisdictions with higher housing costs may be provided with higher allocations on a per unit basis in this next round of Homekey; however, even with higher Homekey contributions, both HACLA and the City can expect continued match requirements in order to successfully access the grant funds. 2021 Homekey is expected to also require HACLA and the City of Los Angeles to guarantee operations, typically demonstrated with either a five-year commitment to covering interim housing services and management costs or the commitment of long-term rent subsidies.

In the first round of Homekey, HCD provided funding for a short-term operating subsidy of \$1,000 per unit per month to support interim housing. The City has recommended to HCD that a greater monthly operating subsidy be provided, but it is not yet known whether the subsidy will be increased for the second round. The City is also exploring the use of tenant-based vouchers, capitalized operating reserves, and other means of providing for longer-term operating support for the City Properties.

The Board is not being asked to allocate or approve any funding to meet application match requirements or other project related costs for the two City Properties. HACLA is being asked to acquire the respective properties on behalf of the City, contingent on receipt of Homekey funds, the City's funding of required matching funds, and acceptance of all terms of purchase as set forth in the purchase and sale agreements. The Board of Commissioner's approval of these acquisitions is only one of many remaining contingencies in each purchase contract and HACLA has the opportunity to both extend escrow or terminate if these other contingencies cannot be reasonably released.

The City is responsible for providing all funding necessary to effectuate the escrow closings and will reimburse HACLA for all upfront costs incurred in conducting due diligence (appraisals, Physical Needs Assessments, Phase 1 Environmental Site Assessments, Phase II Environmental Assessments, architectural plans, permits, title and recording, survey, pest inspections, and similar investigations) on the properties, as well as initial escrow deposits.

Ownership:

The City is preparing to issue a Request for Proposals ("RFP") in September 2021 to identify qualified owner/operators to operate the City's 2021 Homekey properties as either interim or permanent housing, which will include the two Properties discussed herein. The RFP for the second round of Homekey will be similar in substance to the RFP issued by the City in connection with the first round of Homekey in September 2020. Under the RFP, it is expected that HACLA will transfer ownership of each Property, either at the close of escrow or shortly thereafter, to the City's selected owner/operator for that Property.

Also similar to the first round of Homekey, it is anticipated that the City will record a Deed of Trust and a regulatory agreement restricting the use of each City property to match all Homekey requirements. All of the Properties will serve the public purpose of providing deeply affordable housing to individuals and families and the transfer of the property to each eventual owner/operator at the same value which was paid by the City and State would meet the public benefit requirements of all applicable State Health and Safety Codes.

Properties

HACLA and the City have determined that the Properties are anticipated to meet the requirements of the upcoming second round of Homekey, based on the requirements of the first round. A summary of each Property is provided in the table below. In total, the two new construction Properties would, upon completion, provide 77 units in two of the City's Council Districts.

Name	Address	Council District	APN	Purchase Price	Appraised Value	Number of Units
6521 Brynhurst	6521 Brynhurst Ave.	8	4006-020-047	\$ 17,340,000	\$ 18,000,000	41
7639 Van Nuys	7639 Van Nuys Blvd.	6	2210-031-034	16,600,000	16,900,000	36
Total				\$ 33,940,000	\$ 34,900,000	77

HACLA has entered into a purchase and sale agreement for each Property, each of which includes a contingency requiring that HACLA receive Board approval to purchase the Property within sixty (60) days of the effective date of the purchase and sale agreement. The Board approval contingency for 6521 Brynhurst will expire on September 12th, 2021, which necessitated that the Board consider the acquisition of that Property at the August 26th Board meeting. The Board approval contingency for 7639 Van Nuys will expire on October 1st, 2021. Additional properties will be brought to the BOC for its consideration on a rolling basis as purchase and sale agreements are executed.

Financing

Following the release of the NOFA, HACLA will submit applications for Homekey funding on behalf of the City for each of the Properties. The City and HACLA have anticipated that the maximum Homekey grant to local governments will be at least \$200,000 per unit, based on the amount in the first year of the program, providing at least \$8.2 million in capital for 6521 Brynhurst and \$7.2 million for 7639 Van Nuys Boulevard. All additional costs of acquisition will be paid by the City from other funding sources, upon execution of the Professional Services Agreement between the City and HACLA.

If one or both Properties are not awarded Homekey funds, the City will decide whether to cancel escrow for the non-awarded Properties or to use other City funds to acquire them. In either case all funds expended by HACLA on behalf of the City in conducting due diligence activities on the properties will be reimbursed to HACLA by the City either at escrow closing or cancellation of escrow. Additionally, the purchase and sale agreement for each Property includes a 90-day financing contingency. If HCD has not confirmed approval of a Homekey grant for a Property prior to the execution of the contingency, HACLA will, in

consultation with the City, either negotiate for a potential extension with the seller, waive the contingency and proceed with the purchase using other City funds, or terminate the purchase and sale agreement and obtain a refund of the deposit.

The anticipated project costs for the Properties are included in **Attachment 2** of this Board report. In summary projected project costs are as follows:

- **Total purchase price for acquisition of \$33,940,000**, to be funded by Homekey funds and City matching funds at escrow closing. Initial deposits totaling \$400,000 have been funded by HACLA on behalf of the City, and will be reimbursed by the City at escrow closing or upon cancellation of escrow.
- **Estimated rehabilitation costs of approximately \$115,500** for minor life/safety repairs prior to occupancy and ADA compliance to be funded by the City and completed by the eventual owner/operator after escrow closing.
- **Total third-party costs estimated to be approximately \$92,758** for appraisals, PNAs, Environmental Phase 1 reports, title & recording, architectural and permitting costs, termite and pest inspections, surveys, and zoning and permitting reports. These costs will be incurred by HACLA on behalf of the City, to be reimbursed by the City at escrow closing or upon cancellation of escrow
- **HACLA administrative fees estimated to be approximately \$678,800**, based on 2% of the total acquisition price for each Property, to cover overhead and staffing costs for HACLA's administration of acquisition activities for the Properties, including identifying and vetting prospective properties, drafting and negotiating offers and purchase and sale agreements, coordinating Homekey applications, opening and tracking escrow, conducting due diligence and managing third party consultants, and performing other related activities necessary to close on the acquisition of the Properties.

Rehabilitation & Accessibility

HACLA has engaged third party consultants to conduct physical needs assessments ("PNAs") to assess the physical condition of each Property, including the expected useful life of the structures, systems, and improvements within each Property, the cost of any capital repairs and replacements that may be necessary over the next several years, the identification of any immediate capital needs at each Property, and the identification of any required physical changes that would be necessary to complete prior to the intended occupancy of the Properties as non-transient multi-family housing.

PNAs for the Properties are not yet available because each Property is in the process of completing construction. However, the purchase and sale agreement for each Property extends the investigation period for PNAs, as well as certain other investigations which cannot be completed prior to construction completion, to a period of thirty (30) days following construction completion. Because each Property is newly constructed, HACLA does not anticipate that any capital needs, other than accessibility modifications, will be required upon closing. If any significant and immediate capital needs are identified through the PNAs, HACLA will have the option of negotiating either that the needs be addressed by the seller prior to closing or that an appropriate price modification is included; alternatively, HACLA may elect in that scenario to terminate the purchase agreement and receive a return of the deposit.

Additionally, each purchase and sale agreement requires that the seller of the Property deliver to HACLA a Certificate of Occupancy executed by the Los Angeles Department of Building and Safety (“LADBS”), consistent with the number and bedroom type of the units identified in the purchase and sale agreement, prior to escrow closing. Each purchase and sale agreement also requires the respective seller to complete installation of the finishes that are identified and approved by HACLA during the investigation period.

HACLA has also engaged third party consultants to analyze the zoning and permitting of the Properties and to provide reports indicating any potential zoning, land use, or permitting issues that need to be addressed in order to allow the intended occupancy. Based on the zoning of the Properties and the permits executed for each Property by LADBS for the construction of multiple-family housing, HACLA does not anticipate that any land use actions will be required in order to occupy the Properties for their intended use as multi-family housing. HACLA will review these reports prior to the expiration of the respective investigation period for each Property and address any issues that emerge.

Vision Plan: Place Strategy #4: Steward efforts to reduce and alleviate homelessness.

On behalf of itself and the City of Los Angeles and in furtherance of the anticipated second round of the State’s Homekey Program, HACLA has expended and will continue to expend extensive money and staff time to identify and secure agreements to purchase vacant properties within the City in which to provide decent, safe, and sanitary housing for individuals and families experiencing homelessness or at risk of homelessness.

Place Strategy #5: Expand HACLA’s role in the broader communities it serves to improve neighborhood-wide health and well-being.

Acquiring vacant properties to provide decent, safe, and sanitary housing for individuals and families experiencing homelessness or at risk of homelessness will reduce the number of Angelenos exposed to adverse health outcomes in neighborhoods throughout the City of Los Angeles.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The \$400,000 for deposits and approximately \$100,000 in 3rd party due diligence costs may be advanced with unrestricted and uncommitted non-federal proceeds from HACLA’s asset management portfolio. All actual HACLA incurred costs in connection with the City Properties will be reimbursed to HACLA by the City at escrow closing or by reimbursement post-closing, including any costs incurred for cancelled escrows.

The \$33,940,000 needed for acquisition funding at close of escrow and all related closing costs will be funded by the City of Los Angeles and the State of California.

Budget and Program Impact: The actions and expenditures related to the acquisition of these sites are generally in line with HACLA’s Acquisition Program; HACLA’s Annual Midyear Budget for FY 2021, which included new staff positions in the Development Services department partly in order to support Homekey acquisitions; and the Authority’s mission and goals. Funds expended are anticipated to be repaid in full during escrow or by invoice within forty-five (45) days of closing on each property, in accordance with the to-be-executed Professional Services Agreement between HACLA and the City.

Environmental Review:

NEPA: The primary source of funding for Homekey, CRF, are federal funds and therefore require NEPA review. Based upon discussions with the State HCD and the City of Los Angeles Housing Department “LAHD”), HACLA is informed and believes that the property acquisitions discussed herein are categorically excluded from NEPA, and that LAHD will be making such determination. HACLA has engaged a consultant to prepare a categorical exemption analysis for LAHD’s review and adoption.

CEQA: The acquisition of these Properties meets the requirements of the normal CEQA categorical exemptions allowed under Title 14, Division 6, Chapter 3, Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations. Additionally, the identified project acquisitions qualify for the statutory exemptions from the

requirements of CEQA under California Public Resources Code section 21080(b)(4) and 14 Cal. Code Regs. 15269(c), as they are being acquired to mitigate the publicly declared emergency created by the COVID-19 pandemic as it pertains to individuals and families who are most vulnerable.

If the Board makes a finding that the categorical exemptions apply, Notices of Exemption (“NOE”) for each Project will be filed with the Los Angeles County Registrar-Recorder/County Clerk (“LA RR/CC”), as applicable, pursuant to Public Resources Code section 21152(b).

Section 3: Not Applicable.

Attachments:

1. Resolutions
2. Summary of project costs
3. Attachment – Property # 1: 6521 Brynhurst Avenue
4. Attachment – Property # 2: 7639 Van Nuys Boulevard

ATTACHMENT 1

Resolutions

RESOLUTION NO. _____

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 6521 BRYNHURST AVENUE, LOS ANGELES, CALIFORNIA 90043, FOR \$17,340,000 (THE “6521 BRYNHURST PROPERTY”), IN ANTICIPATION OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT’S (“HCD”) EXPECTED NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM (“HOMEKEY”) IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING PURCHASE AND SALE AGREEMENT, AND HCD STANDARD AGREEMENTS; MAKING A DETERMINATION THAT THIS ACQUISITION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), including the power to finance, acquire and manage property in the furtherance of providing affordable housing;

WHEREAS, the Authority is authorized to acquire and dispose of real property and enter into contracts and agreements related thereto pursuant to the California Health and Safety Code Section 34200 *et seq.* and particularly with respect to Section 34315;

WHEREAS, the Authority’s Board of Commissioners has adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals to acquire additional real property and to provide for the disposition of real property;

WHEREAS, the California (“State”) Department of Housing and Community Development (“HCD”), using Federal Coronavirus Relief Funds and State general funds, created the Project Homekey Program (“Homekey”) in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic;

WHEREAS, following successful 2020 Homekey applications, Resolution No. 9710, adopted by the Board on May 27, 2021, authorized HACLA to submit multiple applications on its own behalf and in collaboration with the City of Los Angeles (“City”) in response to an anticipated 2021 Notice of Funding Availability for the Project Homekey Program (“2021 NOFA”), to apply for a second round of Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy, to enter into one or more Standard Agreements with HCD, to enter into a Memorandum of Understanding with the City, and to execute any related agreements, documents and contracts;

WHEREAS, the State has adopted a 2021-2022 Budget with additional funding for Homekey, which included funding for a second round of Homekey;

WHEREAS, HCD has indicated that it intends to issue the 2021 NOFA and program guidelines for the second round of Homekey in or about September 2021;

WHEREAS, HCD is authorized to administer the Homekey Program 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) and all other legal requirements of the Homekey Program, including the terms, conditions, regulations, and agreements that HCD may adopt through the expected NOFA and application for Homekey;

WHEREAS, the Authority and the City have negotiated a Professional Services Agreement and an Asset Management Agreement, which together will set forth the terms and responsibilities of each party for the acquisition and management of Homekey properties, and which are pending approval and are expected to be executed in September 2021;

WHEREAS, the Authority intends to apply for the 6521 Brynhurst property in partnership and as co-applicant with the City in response to the upcoming Homekey NOFA;

WHEREAS, the Authority now wishes to approve the contingent acquisition of the 6521 Brynhurst Property included in the accompanying Board Report on behalf of and in cooperation with the City to provide affordable housing with a concentration on households who have experienced homelessness or who are at risk of homelessness, contingent upon satisfactory completion of due diligence, and approval by the City of Los Angeles, and awarding of funds through Homekey;

WHEREAS, the 6521 Brynhurst Property was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of \$17,340,000, is aligned with and validated by the findings of such appraisal dated July 29th, 2021 prepared by Michael Popwell Associates, Inc.;

WHEREAS, the 6521 Brynhurst Property is located wholly within the City of Los Angeles;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for the Brynhurst Property on July 14th, 2021 (the “6521 Brynhurst Property Purchase and Sale Agreement”), and is currently conducting related due diligence including engaging third parties to perform investigations of the property, advanced funding for all due diligence costs estimated at \$46,600, and advanced an escrow deposit of \$250,000, contingent upon, among other items, the approval and authorization of the Board within sixty (60) days of the execution of the 6521 Brynhurst Property Purchase and Sale Agreement, and the confirmation of financing satisfactory to the Authority within ninety (90) days of the execution of the 6521 Brynhurst Property Purchase and Sale Agreement;

WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the property in escrow or dispose of the property through grant deed shortly after closing to a qualified owner/operator formally selected by competitive bid by the City to own and operate the site for the sole public purpose of providing deeply affordable housing under covenants recorded by the City; and

WHEREAS, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report on this acquisition recommendation, the Board has determined that the acquisition of the 6521 Brynhurst Property is categorically exempt under Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct, and this Board of Commissioners so finds. This Resolution is being adopted pursuant to the powers granted the Authority by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code.

Section 2. The Housing Authority of the City of Los Angeles (“Authority”) hereby approves the acquisition of the real property located at 6521 Brynhurst Avenue, Los Angeles, California, for an amount not to exceed \$17,340,000, in order to further the City’s response to addressing the housing and homelessness crisis in the City of Los Angeles, and authorizes the execution, by the Authority’s President and CEO, or his/her designee (“Designated Officers, ” as defined below), of any and all related documents, contracts for services and financing documents, including but not limited to the HCD Standard Agreement upon award of Homekey Program funds, and any other documents or certificates related thereto with such changes as may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to the 6521 Brynhurst Property.

Section 3. That if the Authority’s application is awarded Homekey Program funds, the Designated Officers are authorized and directed to accept such award and to ensure that any funds awarded for capital acquisition expenditures are spent by such date as may be set forth by HCD within the 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State, and that any funds awarded for capitalized operating subsidies are spent by such date as may be set forth by HCD or the State through the expected 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State or within whatever statutory limits are required by the grantor.

Section 4. That if the application for Homekey Program funding is approved, the Designated Officers are hereby authorized and directed to enter into, execute, and deliver one or more HCD Standard Agreements, and any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds from HCD and participate in the

Homekey Program, and all amendments thereto (collectively, the “Homekey Documents”), all as approved by legal counsel and the Authority staff, and the Board acknowledges that any and all activities, expenditures, information, and timelines represented in the Homekey Application will be enforceable through the HCD Standard Agreement(s) and that funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Designated Officers are hereby authorized and directed to review such other forthcoming third party investigation reports as have been requested by the City and commissioned by the Authority prior to the expiration of the investigation period set forth 6521 Brynhurst Property Purchase and Sale Agreement, and to negotiate any modifications to the purchase price or other terms of the respective Purchase and Sale Agreements as may be necessary or reasonable based upon the results of such investigations, and to either terminate the respective Purchase and Sale Agreements or to waive the due diligence contingencies under the respective Purchase and Sale Agreements upon the expiration of the investigation periods under the respective Purchase and Sale agreements.

Section 6. That the Designated Officers are hereby authorized and directed to confirm the approval of an award of capital subsidy for acquisition of the 6521 Brynhurst Property from either HCD through Homekey or from the City with such other City funds as the City may identify, prior to the expiration of the financing contingency for the property, and in the absence of such confirmation is authorized and directed to either negotiate an extension of such financing contingencies as may be necessary to confirm adequate funds for the purchase and reimbursement of costs related to the acquisition of the 6521 Brynhurst Property, or to terminate the 6521 Brynhurst Property Purchase and Sale Agreement in order to secure the return of any funds deposited by the Authority into escrow.

Section 7. That the Authority may dispose of the 6521 Brynhurst Property to the owner/operator selected by the City of Los Angeles through competitive bid for an amount equal to the value paid for the property through Homekey, and may record all deed restrictions, promissory notes or other obligations on the property at the time of sale to ensure the property serves its public benefit purpose.

Section 8. BE IT FURTHER RESOLVED that the Designated Officers of the Authority referred to above are as follows:

Name	Title
Douglas Guthrie	President and Chief Executive Officer
Marlene Garza	Chief Administrative Officer
Jenny Scanlin	Chief Development Officer
Margarita Lares	Chief Programs Officer

Section 9. BE IT FURTHER RESOLVED that this Resolution shall be effective upon its adoption.

PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 26th day of August, 2021.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

RESOLUTION NO. _____

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 7639 VAN NUYS BOULEVARD, LOS ANGELES, CALIFORNIA 91405, FOR \$16,600,000 (THE "7639 VAN NUYS PROPERTY"), IN ANTICIPATION OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") EXPECTED NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM ("HOMEKEY") IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING PURCHASE AND SALE AGREEMENT, AND HCD STANDARD AGREEMENTS; MAKING A DETERMINATION THAT THIS ACQUISITION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of Los Angeles (the "Authority") is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the "Act"), including the power to finance, acquire and manage property in the furtherance of providing affordable housing;

WHEREAS, the Authority is authorized to acquire and dispose of real property and enter into contracts and agreements related thereto pursuant to the California Health and Safety Code Section 34200 *et seq.* and particularly with respect to Section 34315;

WHEREAS, the Authority's Board of Commissioners has adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the "Policy") to institute a revised and updated real property acquisition program ("Acquisition Program") and to revise and restate its Prior Policy to reflect the Authority's Build HOPE Vision Plan goals to acquire additional real property and to provide for the disposition of real property;

WHEREAS, the California ("State") Department of Housing and Community Development ("HCD"), using Federal Coronavirus Relief Funds and State general funds, created the Project Homekey Program ("Homekey") in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic;

WHEREAS, following successful 2020 Homekey applications, Resolution No. 9710, adopted by the Board on May 27, 2021, authorized HACLA to submit multiple applications on its own behalf and in collaboration with the City of Los Angeles ("City") in response to an anticipated 2021 Notice of Funding Availability for the Project Homekey Program ("2021 NOFA"), to apply for a second round of Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy, to

enter into one or more Standard Agreements with HCD, to enter into a Memorandum of Understanding with the City, and to execute any related agreements, documents and contracts;

WHEREAS, the State has adopted a 2021-2022 Budget with additional funding for Homekey, which included funding for a second round of Homekey;

WHEREAS, the HCD has indicated that it intends to issue the 2021 NOFA and program guidelines for the second round of Homekey in or about September 2021;

WHEREAS, HCD is authorized to administer the Homekey Program 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) and all other legal requirements of the Homekey Program, including the terms, conditions, regulations, and agreements that HCD may adopt through the expected NOFA and application for Homekey;

WHEREAS, the Authority and the City have negotiated a Professional Services Agreement and an Asset Management Agreement, which together will set forth the terms and responsibilities of each party for the acquisition and management of Homekey properties, and which are pending approval and are expected to be executed in September 2021;

WHEREAS, the Authority intends to apply for the identified property in partnership and as co-applicant with the City in response to the upcoming Homekey NOFA;

WHEREAS, the Authority now wishes to contingently approve the acquisition of 7639 Van Nuys Property included in the accompanying Board Report on behalf of and in cooperation with the City to provide affordable housing with a focus on households who have experienced homelessness or who are at risk of homelessness, contingent upon satisfactory completion of due diligence, and approval herein from the City of Los Angeles, clearance of all due diligence, and awarding of funds through Homekey;

WHEREAS, 7639 Van Nuys Boulevard was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of \$16,600,000 is aligned with and validated by the findings of such appraisal dated August 16th, 2021 prepared by Michael Popwell Associates, Inc;

WHEREAS, the 7639 Van Nuys Property is located wholly within the City of Los Angeles;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for 7639 Van Nuys Boulevard on July 30th, 2021 (the "7639 Van Nuys Property Purchase and Sale Agreement", conducted related due diligence including engaging third parties to perform investigations of the property, advanced funding for all due diligence costs estimated at \$46,168, and advanced an escrow deposit of \$150,000, contingent upon, among other items, the approval and authorization of the Board within sixty (60) days of the execution of the 7639 Van Nuys Property Purchase and Sale Agreement, and the confirmation

of financing satisfactory to the Authority within ninety (90) days of the execution of the 7639 Van Nuys Property Purchase and Sale Agreement”);

WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the 7639 Van Nuys Property in escrow or dispose of the property through grant deed shortly after closing to a qualified owner/operator formally selected by competitive bid by the City to own and operate the site for the sole public purpose of providing deeply affordable housing under covenants recorded by the City; and

WHEREAS, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report on this acquisition recommendation, the Board of Commissioners has determined that the acquisition of the 7639 Van Nuys Property is categorically exempt under Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct, and this Board of Commissioners so finds. This Resolution is being adopted pursuant to the powers granted the Authority by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code.

Section 2. The Housing Authority of the City of Los Angeles (“Authority”) hereby approves the acquisition of the real property located at 7639 Van Nuys Boulevard, for an amount not to exceed \$16,600,000, within the City of Los Angeles, California, in order to further the City’s response to addressing the housing and homelessness crisis in the City of Los Angeles, and authorizes the execution, by the Authority’s President and CEO, or his/her designee (“Designated Officers,” as defined below), of any and all related documents, contracts for services and financing documents, including but not limited to the HCD Standard Agreement upon award of Homekey Program funds, and any other documents or certificates related thereto with such changes as may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to the 7639 Van Nuys Property.

Section 3. That if the Authority’s application is awarded Homekey funds, the Designated Officers are authorized and directed to accept such award and to ensure that any funds awarded for capital acquisition expenditures are spent by such date as may be set forth by HCD within the 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State, and that any funds awarded for capitalized operating subsidies are spent by such date as may be set forth by HCD or the State through the expected 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State or within whatever statutory limits are required by the grantor.

Section 4. That if the application for Homekey funding is approved, the Designated Officers are hereby authorized and directed to enter into, execute, and deliver one or more HCD

Standard Agreements, and any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds from HCD and participate in the Homekey Program, and all amendments thereto (collectively, the “Homekey Documents”), all as approved by legal counsel and the Authority staff, and the Board acknowledges that any and all activities, expenditures, information, and timelines represented in the Project Homekey Application will be enforceable through the HCD Standard Agreement(s) and that funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Designated Officers are hereby authorized and directed to review such other forthcoming third party investigation reports as have been requested by the City and commissioned by the Authority prior to the expiration of the investigation period set forth for the 7639 Van Nuys Property Purchase and Sale Agreement, and to negotiate any modifications to the purchase price or other terms of the 7639 Van Nuys Purchase and Sale Agreement as may be necessary or reasonable based upon the results of such investigations, and to either terminate the 7639 Van Nuys Purchase and Sale Agreement or to waive the due diligence contingency under the 7639 Van Nuys Purchase and Sale Agreements upon the expiration of the investigation periods under the 7639 Van Nuys Purchase and Sale Agreement.

Section 6. That the Designated Officers are hereby authorized and directed to confirm the approval of an award of capital subsidy for acquisition of the 7639 Van Nuys Property from either HCD through the Homekey Program or from the City with such other City funds as the City may identify, prior to the expiration of the financing contingency for each of the Properties, and in the absence of such confirmation is authorized and directed to either negotiate an extension of such financing contingencies as may be necessary to confirm adequate funds for the purchase and reimbursement of costs related to the acquisition of the 7639 Van Nuys Property, or to terminate the 7639 Van Nuys Property Purchase and Sale Agreement in order to secure the return of any funds deposited by the Authority into escrow.

Section 7. That the Authority may dispose of the 7639 Van Nuys Property to the owner/operator selected by the City of Los Angeles through competitive bid for an amount equal to the value paid for the property through Homekey, and may record all deed restrictions, promissory notes or other obligations on the property at the time of sale to ensure the property serves its public benefit purpose.

Section 8. BE IT FURTHER RESOLVED that the Designated Officers of the Authority referred to above are as follows:

Name	Title
Douglas Guthrie	President and Chief Executive Officer
Marlene Garza	Chief Administrative Officer
Jenny Scanlin	Chief Development Officer
Margarita Lares	Chief Programs Officer

Section 9. BE IT FURTHER RESOLVED that this Resolution shall be effective upon its adoption.

PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 26th day of August, 2021.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

ATTACHMENT 2

Summary of Project Costs

ATTACHMENT 2

Summary of Project Costs

City Properties

BOC Meeting: 8/26/2021



Name	Address	Council District	APN	Units					Purchase Price	Escrow Deposits	Rehab Costs/ ADA Retrofit (1)	Third Party Costs (2)	HACLA Admin. Fee (3)	Total Project Costs
				Total	Studios	1BRs	2BRs	3BRs						
6521 Brynhurst	6521 Brynhurst Ave.	8	4006-020-047	41	-	-	41	-	\$ 17,340,000	\$ 250,000	\$ 61,500	\$ 46,600	\$ 346,800	\$ 17,794,900
7639 Van Nuys	7639 Van Nuys Blvd.	6	2210-031-034	36	-	8	28	-	16,600,000	150,000	54,000	46,158	332,000	17,032,158
Total				77	-	8	69	-	\$ 33,940,000	\$ 400,000	\$ 115,500	\$ 92,758	\$ 678,800	\$ 34,827,058

Notes

(1) Rehab costs are estimated at \$1,500 per unit for newly constructed multifamily properties to cover limited ADA/accessibility retrofits and other minor modifications, and are inclusive of design and permitting fees.

(2) Estimated costs for title & recording, architectural services, permits, appraisals, zoning/permitting reports, surveys, CEQA/NEPA/NOEs, ESA (Phase I) reports, physical needs assessments, and termite/pest inspections. These costs will be paid by HACLA prior to or at closing and will be reimbursed by the City of Los Angeles.

(3) Projected HACLA administrative fees are calculated as 2% of each property's purchase price to cover HACLA's staffing and overhead costs for administering property acquisitions on behalf of the City.

ATTACHMENT 3

Acquisition Property Summary for 6521 Brynhurst Avenue

Acquisition Property Profile: 6521 Brynhurst Ave

BOC Meeting Date

8.26.2021



PROPERTY LOCATION

This property is located at 6521 Brynhurst Ave, Los Angeles, CA 90043, within the Park Mesa Heights neighborhood in Council District 8. According to the 2020 Homeless Count Report, CD 8 reported 4,386 individuals in need of shelter. The zip code area currently has an average median income of \$54,729.

PROPERTY DESCRIPTION

6521 Brynhurst is a new multifamily property currently completing construction, with a projected completion date in November 2021. The property will have 41 units upon completion.

Assessor's Parcel Number:	4006-020-047
Land Area:	18,922 s.f.
Building Square Footage:	48,795 s.f.
Parking:	41 spaces in ground level garage.
Amenities:	Rooftop deck, rec. room, elevator

PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition. HACLA is monitoring construction completion and will obtain a full Property Condition Report upon construction completion.

COMMUNITY AMENITIES

Type	Distance	Type	Distance
Entertainment		School	0.4 miles
Rams Stadium	2.0 miles	YES Academy	
1001 S Stadium Dr.		3140 Hyde Park Blvd	
Transportation		Groceries	3.0 miles
Metro K Line	0.8 miles	Ralph's	
Hyde Park Station		1730 W Manchester Ave	
Health Facility		Park	2.3 miles
Kaiser Permanente	1.9 miles	Ladera Park	
110 N. La Brea Inglewood, CA		6027 Ladera Park Ave	

PROPERTY PICTURES



1) Building Exterior



2) Bathroom



3) Bedroom



4) Balcony

UNIT MIX

Unit Type	Number	Average Size
2BR/2BA	41 units	877 sq. ft.

ZONING AND PERMITTING

Zone: R3-1. Zoning & permitting report preparation underway.
LA City Planning Entitlements: density bonus with 5 units under ELI covenant for 55 years.
Building Permit received: 3.10.2020
Certificate of Occupancy: projected receipt in December 2021.

ATTACHMENT 4

Acquisition Property Summary for 7639 Van Nuys Boulevard

Acquisition Property Profile: 7639 Van Nuys

BOC Meeting Date

8.26.2021



PROPERTY LOCATION

This property is located at 7639 Van Nuys Blvd, Los Angeles, CA 91405, in the Van Nuys neighborhood. The property is located in Council District 6 (CD 6). According to the 2020 Homeless Count Report CD6 reported 3,308 individuals in need of shelter. The zip code area currently has an average median income of \$47,037.

PROPERTY DESCRIPTION

7639 Van Nuys is a new multifamily property currently completing construction, with a projected completion date in November 2021. The property will have 36 units upon completion.

Assessor's Parcel Number:	2210-031-034
Land Area:	13,793 s.f.
Building Square Footage:	33,599 s.f.
Parking:	52 spaces
Amenities:	Elevator, lobby, courtyard (1,100 s.f.), 5 rooftop decks (3,200 s.f.)

PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition. HACLA is monitoring construction completion and will obtain a full Property Condition Report upon construction completion.

COMMUNITY AMENITIES

Type	Distance	Type	Distance
Entertainment		School	
Regency Theater	0.6 miles	Kittridge Street Eleme	2.4 miles
7876 Van Nuys Blvd		13619 Kittridge St	
Transportation		Groceries	
Amtrak/Metro Link	0.1 miles	Smart &	0.4 miles
7724 Van Nuys Blvd		7815 Van Nuys Blvd	
Health Facility		Park	
ssion Community Hosp	1.4 miles	Sepulveda Recreation	1.9 miles
14850 Roscoe Blvd		8825	

PROPERTY PICTURES



1) Building Interior



2) Kitchen



3) Bathroom



4) Building Exterior

UNIT MIX

Unit Type	Number	Average Size
1BR/1BA	8 units	698 sq. ft.
2BR/2BA	28 units	899 sq. ft.

ZONING AND PERMITTING

Zone: C2-1VL. Zoning & permitting report preparation underway.
LA City Planning Entitlements: density bonus with 4 units under ELI covenant for 55 years.
Building Permit received: 5.31.18
Certificate of Occupancy: projected receipt in December 2021.