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INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH ADMINISTRATIVE OVERSIGHT COMMITTEE

FROM: LOS ANGELES HOUSING DEPARTMENT

DATE: DECEMBER 7, 2023

REGARDING: AMENDMENT TO PROPOSITION HHH FY 2020-2021 PROJECT EXPENDITURE PLAN FOR HOMEKEY ROUND 2 PROJECTS

SUMMARY

The Los Angeles Housing Department (LAHD) requests authorization to amend the Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP) for Homekey Round 2 projects, by increasing the HHH loan commitment for 21121 Vanowen by \$3,177,236.72 and reducing the commitment for seven other projects by -\$3,122,743.63, for a total increase to Homekey Round 2 of \$54,493.09. This amount is offset in its entirety by the amount deobligated by the a prior PEP amendment for Homekey Round 2, which is pending approval by City Council.

RECOMMENDATIONS

- I. The General Manager of LAHD respectfully requests that the Proposition HHH Administrative Oversight Committee (AOC) take the following actions:
 - A. APPROVE the amendment of the FY 2020-2021 PEP as follows:
 - a. 7639 Van Nuys -\$99,684.31
 - b. 1654 W Florence -\$113,959.17
 - c. 6531 S Sepulveda -\$1,013,780.00
 - d. 18602 S Vermont -\$830,000.00
 - e. 20205 Ventura -\$577,320.15
 - f. 2010 Highland -\$488,000.00
 - g. 21121 Vanowen \$3,177,236.72
 - B. Forward this action to the City Council for its consideration.

BACKGROUND

Prior FY 2020-2021 PEP Amendments

The FY 2020-2021 PEP was approved by City Council on September 14, 2020 (C.F. No. 17-0090-S15) for total funding of \$106,516,646. Currently, there are 106 projects in the HHH Permanent Supportive pipeline, 98 of which have been included in the four PEPs. There are 15 projects in the Innovative Housing Challenge pipeline, 10 of which have been included in the four PEPs.

There have been 11 Council-approved amendments for HHH and Housing Challenge projects and one amendment for Homekey Round 2, for a current total of 59 projects in the FY 2020-21 PEP.

Two additional amendments are pending Council approval, de-obligating \$143,394 from the Homekey Round 2 project at 5050 Pico and obligating \$2,660,000 for Loma Verde at 405 N Westlake.

TABLE 1: FY 2020-2021 PEP Amendments			
PEP Fiscal Year	Council File	Number of Projects	Total HHH Funding Request
2020-2021 PEP (FY20)	17-0090-S15	13	\$106,516,646
First Amendment Increase	17-0090-S15	4	\$37,590,000
Second Amendment Increase	17-0090-S15	5	\$26,335,000
Third Amendment Increase	17-0090-S15	2	\$13,757,200
Fourth Amendment Increase	17-0090-S15	5	\$30,786,602
Fifth Amendment Increase	17-0090-S15	5	\$54,615,556
Sixth Amendment Increase	17-0090-S15	2	\$18,400,000
Seventh Amendment Increase	17-0090-S15	4	\$30,675,000
Homekey Amendment Increase	21-0112	13	\$96,328,982
Eighth Amendment Increase	17-0090-S15	2	\$21,200,000
Ninth Amendment Increase	17-0090-S15	1	\$8,289,109

Homekey Reallocation & Rationalization	17-0090-S15	-1	\$0
Tenth Amendment Increase	17-0090-S15	2	\$22,407,427
Eleventh Amendment Increase	17-0090-S15	2	\$8,800,000
Homekey Deobligation	Pending Approval	-1	-\$143,394
Thirteenth Amendment Increase	Pending Approval	1	\$2,660,000
Current Amendment (Second Homekey Reallocation and Increase)	Pending Approval	0	\$54,493.09
TOTAL		59	\$478,757,621

Current Proposed PEP Amendment

The original HHH PEP amount for Homekey Round 2 projects totaled \$96,328,982 (see “Homekey Amendment Increase” in Table 1). After subsequent amendments removing HHH funding from one of HACLA’s Homekey Round 2 projects, 5050 Pico (which is still pending Council approval), the HHH funding planned for Homekey was \$96,274,488.91.

The current amendment is requested because in the early stages of Homekey Round 2, certain ineligible expenses were paid from HHH funds, namely fees paid to HACLA for administering the purchase of Homekey Round 2 sites under their Professional Services Agreement. At this time, LAHD requests an amendment to the PEP for HHH funds in order to allow these ineligible expenses to be swapped with eligible expenses previously paid from the Reserve Fund, specifically the acquisition cost of 21121 Vanowen. In order to make the Reserve Fund whole, it is necessary to obligate an additional \$54,493.09 to Homekey Round 2 projects. This amount is covered in full by the \$143,394 to be deobligated from the Homekey Round 2 project at 5050 Pico, pending Council approval.

The corrective increase will be applied wholly to the 21121 Vanowen project because it previously had a reduction in matched equity from the California Department of Housing and Community Development (HCD) that required the City to provide more funding to cover the gap, approved in September 2022 (C.F. 21-0112-S1).

Table 2 below indicates the specific HHH amounts to be amended for each Homekey Round 2 project. Attachment A represents the proposed revision to the PEP.

Table 2: Proposed FY 2020-2021 PEP Amendment for Homekey Round 2 Projects			
Project Address	Existing PEP Amount	Proposed PEP Amendment	New PEP Amount
7639 Van Nuys	\$2,772,000.00	-\$99,684.31	\$2,672,315.69
1654 W Florence	\$7,009,120.00	-\$113,959.17	\$6,895,160.83
2812 Temple / 916 Alvarado	\$11,457,300.00	\$0.00	\$11,457,300.00
6531 S Sepulveda	\$15,245,537.51	-\$1,013,780.00	\$14,231,757.51
18602 S Vermont	\$4,969,012.40	-\$830,000.00	\$4,139,012.40
20205 Ventura	\$5,525,464.51	-\$577,320.15	\$4,948,144.36
19325 Londelius	\$14,368,535.49	\$0.00	\$14,368,535.49
2010 Highland	\$8,320,000.00	-\$488,000.00	\$7,832,000.00
21121 Vanowen	\$20,132,519.00	\$3,177,236.72	\$23,309,755.72
10150 Hillhaven	\$1,850,000.00	\$0.00	\$1,125,000.00
1044 Soto	\$4,625,000.00	\$0.00	\$4,625,000.00
Total	\$96,274,488.91	\$54,493.09	\$96,328,982.00

Attachment:

Attachment A. Proposition HHH FY 2020-2021 Project Expenditure Plan - Proposed 14th Amendment 12.7.23