

AUTHORIZE JOINT APPLICATION(S) TO AND PARTICIPATION IN THE HOMEKEY+ PROGRAM

In July 2020, Governor Gavin Newsom announced the Homekey Program ("Homekey"), which made funding available for local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for people experiencing homelessness ("PEH") who have been impacted by COVID-19. Since the launch of Homekey Round 1 in 2020, there have been two additional Homekey rounds. The County of Los Angeles ("County"), led by the Homeless Initiative in the Chief Executive Office ("CEO-HI"), has collaborated with development partners to participate in all three Homekey rounds.

To date, CEO-HI and selected co-applicants have been awarded approximately \$523 million for 32 projects, totaling 2,053 units; these consist of 1,447 Permanent Supportive Housing ("PSH") units and 606 interim housing ("IH") units across the County. The State's Homekey funds were used to pay for the cost to acquire, develop, and/or rehabilitate each property. To support in the acquisition, development, and/or rehabilitation of each Homekey property, the County allocated a portion of its American Rescue Plan Act (ARP) funding as a local match, in accordance with the spending plan approved by the Los Angeles County Board of Supervisors ("Board") on November 30, 2021.

On March 5, 2024, California voters approved Proposition 1, which includes the Behavioral Health Infrastructure Bond Act. Building on the success of the original Homekey program in expediting the development of housing, over \$2 billion of this funding has been allocated to Homekey+, a program for PSH projects with supportive services for individuals experiencing homelessness or at risk of homelessness, particularly Veterans and individuals facing mental health or substance use challenges.

-MORE-

MOTION

| | |
|----------|-------|
| SOLIS | _____ |
| MITCHELL | _____ |
| HORVATH | _____ |
| HAHN | _____ |
| BARGER | _____ |

The Notice of Funding Availability ("NOFA") for Homekey+ was released by the California Department of Housing and Community Development ("HCD") on November 26, 2024, and the application was released in January 2025. The deadline to fill gap financing needs for PSH projects already existing in the County's pipeline was April 3, 2025; the County ultimately submitted 1 project in this category. The final deadline for all other projects is May 30, 2025, with continuous award announcements being rolled out starting in June 2025. Once awarded, most projects must be financed and completed within 24 months. The County is eligible for \$599 million in Homekey+ funding, with \$277.86 million allocated for Veterans' projects and \$321.43 million allocated for other eligible population projects.

On April 1, 2025, the Board authorized the Los Angeles County Development Authority ("LACDA") to act as an agent of the County in participating in and implementing the Homekey+ program. LACDA is acting as the agent of the County in coordinating with Department of Mental Health ("DMH"), Department of Public Health-Substance Abuse and Prevention Control ("DPH-SAPC"), Department of Health Services ("DHS"), and Department of Military & Veterans Affairs ("DMVA") to identify eligible project proposals, and to jointly apply to HCD with selected entities for Homekey+ funding to acquire, develop, and/or rehabilitate selected project proposals. DMH, DPH-SAPC, DHS, and DMVA will be responsible for identifying funding and other resources to support the supportive services, capital, and operating funding necessary to secure Homekey+ awards from the state.

In preparation for Homekey+, LACDA conducted a needs assessment and created a prioritized list of target populations to be served by potential Homekey+ projects. LACDA leads the preparation and implementation of a formal Homekey+ project and co-applicant solicitation and selection process. It was released in mid-March as a call for projects via the Universal NOFA Application ("UNOFA") website. Co-applicants were required to submit their projects to LACDA for consideration by April 1, 2025. The date for LACDA, as the agent of the County, to select co-applicants and projects to move forward to the State was April 11, 2025.

Selected entities have performed or are in the process of performing due diligence on the properties to ensure the properties are appropriate for use as PSH. Each entity has also provided evidence of site control. Available due diligence and other property information has been reviewed by the LACDA and consultants who are experts in affordable housing development.

-MORE-

The State's Homekey+ funds would be used to pay for the cost to develop or acquire and rehabilitate each property. In most cases, a local match will be required to develop or acquire and rehabilitate each property. Department of Mental Health has identified local resources for both rental and capital project subsidies which would be committed to specific proposed projects and used to leverage additional Homekey+ funds, including specialty mental health services to projects that service individuals with Serious Mental Illness. Department of Public Health - Substance Abuse Prevention and Control has identified local funding resources to implement low-barrier recovery-oriented permanent supportive housing, including substance use disorder supportive services and rental subsidies, to leverage additional Homekey+ funds. Department of Health Services – Office of Diversion and Reentry has identified local funding resources for rental subsidies for projects that target the Office of Diversion and Reentry population. The call for projects response required co-applicants to indicate if, and how much, local assistance is needed in their project and demonstrate why local funding is critical for feasibility.

LACDA recommends jointly applying to the state for funding to develop or acquire and rehabilitate the 5_6 properties listed on Attachment 1 (collectively, "Properties" and singularly, a "Property") with selected entities for the funding amounts stated therein. One property, owned by LTSC Community Development Corporation, that was next in line on scoring is requesting \$3.3 million in local capital subsidy, which exceeds the assistance offered by the County for the Homekey+ program. DMH, DPH-SAPC, DHS, and DMVA will each identify if any local rental subsidies can be converted into a capital subsidy or whether they can identify any additional capital subsidy funding to meet this need. If no funding is available from the County Departments, the LACDA will utilize up to \$3.3 million in existing Affordable Housing Trust Funds already in LACDA's Fiscal Year 2024-25 approved budget to assist the project.

Additionally, DMH recommends providing up to \$5,200,000 in Mental Health Services Act (MHSA) and/or Behavioral Health Services Act (BHSA) funds, which will be administered by LACDA, to the National Community Renaissance of California (National CORE). This funding will support the capital costs of the Huntington Villas permanent supportive housing project located at 5350 S Huntington Dr in the City of Los Angeles. This project is being submitted to the State for Homekey+ funding by National CORE in partnership with the City of Los Angeles through the Los Angeles Housing Department.

If the Application(s) are approved, the County and its co-applicants must enter into agreements to administer the funding and development of the properties for their intended use consistent with the requirements of Homekey+ and other funding sources.

Assembly Bill 531 (2023-2024) establishes a statutory exemption from the California Environmental Quality Act for activities meeting certain conditions that receive funding through the Homekey+ NOFA, but other exemptions are also applicable to the proposed projects. Project descriptions of the proposed Homekey+ projects are included in Attachment 1.

I, THEREFORE, MOVE that the Board of Supervisors:

1. Find that the 5 6 "Projects," which include the proposed acquisition and renovation or development of the properties listed on Attachment 1, are exempt from the CEQA pursuant to Health and Safety Code section 50675.1.5, pursuant to Government Code section 65650 et seq., as by right supportive housing developments, pursuant to Government Code section 65660 et seq., as by right low barrier navigation center developments, pursuant to Public Resources Code section 21080.27, to the extent they are emergency shelter or supportive housing developments within the City of Los Angeles, and pursuant to Public Resources Code section 21080.50, as interim motel housing conversions. Further, find that the Projects are statutorily exempt from CEQA pursuant to section 21080(b)(4) of the Public Resources Code and section 15269(c) of the State CEQA Guidelines, which exempts specific actions necessary to prevent or mitigate an emergency and also categorically exempt pursuant to sections 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), 15303 (New Construction or Conversion of Small Structures), 15304 (Minor Alterations to Land), 15311 (Accessory Structures), and 15332 (Infill Development) of the State CEQA Guidelines, and Classes 1, 2, 3, 4, and 11 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, because the Projects are within certain classes of projects that have been determined not to have a significant effect on the environment. In addition, based on the records of the proposed Projects, they will comply with all applicable regulations, and are not in a sensitive environment and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indication that they may cause a substantial adverse change in the significance of a historical resource that would make the exemptions inapplicable. Upon approval of these actions, the LACDA will file Notices of Exemption (Notices) with the County Clerk pursuant to section 21152 of the Public Resources Code and will post the Notices to the County's website pursuant to section 20192.2 of the Public Resources Code.
2. Approve the Projects listed on Attachment 1.
3. Approve the attached authorizing resolution(s), authorizing and directing the Executive Director of the LACDA, or his designee, to submit joint Application(s), on behalf of the County, to HCD in response to the Notice of Funding Availability, and to jointly apply for Homekey+ grant funds in the amounts indicated in each authorizing resolution.
4. Approve funding to the National CORE for the Huntington Villas project identified Attachment 1, using up to a total of \$5,200,000 in MHSA and/or BHSA funds, and authorize transfer of such funds to LACDA for the project.

5. Authorize DMH, DPH-SAPC, DHS, and/or DMVA to allocate up to \$3,300,000 in any unused rental or capital subsidy, approve funding to LTSC Community Development Corporation or County approved designee for the Daimaru Hotel project identified in Attachment 1, and authorize transfer of such funds to LACDA for the project and, if necessary, authorize DMH's Director, or designee, to execute a funding agreement with the LACDA for the transfer of such funds.

I, FURTHER MOVE that the Board of Supervisors, acting as the Board of Commissioners for LACDA:

1. Approve the recommended action to provide additional funding for the Huntington Villas project which is not subject to CEQA pursuant to SB 406 and Public Resources Code section 21080.10. CEQA does not apply to the provision of financial assistance by a local agency not acting as a lead agency for the development and construction of residential housing for persons and families of low and moderate income, as defined in Section 50096 of the Health and Safety Code. Authorize the Executive Director or his designee to accept and incorporate, as needed, up to \$5,200,000 in MHSA and/or BHSA funds into the LACDA's approved Fiscal Year 2024-2025 budget for the purposes described herein; and authorize the Executive Director, or designee, to execute a funding agreement with the County for the transfer of such funds.
2. Authorize the Executive Director or his designee to reallocate the LACDA funding set aside for affordable housing at the time of project funding, as needed and within each project's approved funding limit, in line with each project's needs, and within the requirements for each funding source; ~~and.~~
3. Authorize the Executive Director or his designee, to negotiate, execute, and if necessary, amend, or reduce, an agreement with the National CORE for up to \$5,200,000 in MHSA and/or BHSA funds for the Huntington Villas project identified in Attachment 1, or their LACDA-approved assignees, and all related documents, following approval as to form by County Counsel.
4. Authorize the Executive Director or his designee to accept and incorporate, as needed, up to \$3,300,000 in funding identified by DMH, DPH-SAPC, DHS, and/or DMVA, into the LACDA's approved Fiscal Year 2024-2025 budget, or if those funds are not available, incorporate up to \$3,300,000 in existing Affordable Housing Trust Funds already in LACDA's approved Fiscal Year 2024-2025 budget for the purposes described herein.
5. Authorize the Executive Director or his designee, to negotiate, execute, and if necessary, amend, or reduce, an agreement with LTSC Community Development Corporation or County approved designee for up to \$3,300,000 in funding to be identified by DMH, DPH-SAPC, DHS, and/or DMVA, or up to \$3,300,000 in existing Affordable Housing Trust Funds in LACDA's already approved Fiscal Year 2024-2025 budget for the Daimaru Hotel project identified in Attachment 1, or their LACDA-approved assignee, and all related documents, following approval as to

form by County Counsel.

#

KB:tco; HLS:gdm:du

Attachment 1 to Motion:
Properties to be Submitted to Homekey+ Program jointly by the Los Angeles County Development Authority and
Selected Corporations

| Corporation | Property Address | SD | Type of Housing | Project Type | Units | County and Corporation Standard Agreement with HCD Not to Exceed |
|---|--|----------|-----------------|---|-----------|--|
| The People Concern / St. Vincent Behavioral Health Campus | 201 S. Alvarado St., Los Angeles, CA 90057 | 1 | PSH | Adaptive Re-Use (Office to Residential) | 172 | \$60,600,000 |
| Weingart Center Association | 3525 Torrance Blvd., Torrance, CA 90503 | 4 | PSH | Adaptive Re-Use (Motel Conversion) | 120 | \$55,165,000 |
| PATH Ventures | 4752 S. Main St., Los Angeles, CA 90037 | 2 | PSH | Acquisition | 51 | \$24,375,000 |
| Residency at the Entrepreneur LP / ABS Properties | 1657-61 N. Western Ave., Los Angeles, CA 90027 | 3 | PSH | New Construction | 200 | \$15,000,000 |
| <u>LTSC Community Development Corporation</u> | <u>343 1st Street, Los Angeles, CA 90012</u> | <u>1</u> | <u>PSH</u> | <u>Adaptive Re-Use (Single Room Occupancy Conversion)</u> | <u>33</u> | <u>\$11,400,000</u> |

Properties to be Submitted to Homekey+ Program with a local jurisdiction and funded by the Los Angeles County Department of Mental Health

| Corporation | Property Address | SD | Type of Housing | Project Type | Units | LA County Funding |
|--------------------------------|--|----|-----------------|--|-------|-------------------|
| National Community Renaissance | 5350 S. Huntington Dr., Los Angeles, CA 90032 | 1 | PSH | Adaptive Re-Use (Interim to Permanent Supportive Housing) | 53 | \$5,200,000 |