

Tiena Johnson Hall, General Manager
Tricia Keane, Executive Officer

Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager
Craig Arceneaux, Acting Assistant General Manager



Karen Bass, Mayor

LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd., Ste 300
Los Angeles, CA 90026
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ITEM #5

INTER-DEPARTMENTAL MEMORANDUM

TO: Proposition HHH Citizens Oversight Committee
FROM: Los Angeles Housing Department
DATE: June 16, 2025
REGARDING: **Additional Allocation of HHH Funds for the 6531 S Sepulveda Project**

RECOMMENDATION

1) Request to allocate HHH funds in the amount of up to \$1,950,000 towards the 6531 S Sepulveda project from Round 2 of Project Homekey.

SUMMARY

The 6531 S Sepulveda Project (Sepulveda Heights), located at 6531 S Sepulveda Boulevard, was transferred to the owner/ operator in December 2023. At the time of transfer, the site had 25 occupied units. The relocation of existing tenants stalled the commencement of rehabilitation which led to an increase in costs for the rehabilitation of the building. After extensive relocation efforts, rehabilitation began in September 2024. Once rehabilitation began, existing site conditions revealed unforeseen physical deficiencies and failing equipment, including the existing fire sprinkler system. The developer is currently working with the general contractor to price out the increased costs but these and other related items are currently estimated to increase cost by approximately \$1,950,000. The LAHD requests authority to award an up to amount while final estimates are obtained and a final figure is negotiated.

PROJECT DETAILS

6531 S Sepulveda Blvd

6531 S Sepulveda Blvd, Los Angeles, CA 90045
Extended Stay Hotel - 120 units (reduced from 130 per Council approval in February 2024)
Council District 11
American Family Housing
HHH Funding - \$14,231,758
Potential HHH Funding - \$16,181,758

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TO: Proposition HHH Citizens Oversight Committee

FROM: Los Angeles Housing Department

DATE: June 16, 2025

REGARDING: **Additional Allocation of HHH Funds for the PATH Villas Hollywood Project**

RECOMMENDATION

1) Request to allocate HHH funds in the amount of up to \$1,552,139.57 towards the PATH Villas Hollywood project from Round 3 of the Affordable Housing and Sustainable Communities Program.

SUMMARY

The PATH Villas Hollywood Project, located at 5627 W Fernwood Avenue, is a 60-unit Permanent Supportive Housing building. The property consists of forty-nine (49) studio units, ten (10) one-bedroom units, and one (1) two-bedroom manager's unit. Fifty-nine (59) units are restricted for low-income households earning below 50% of the Area Median Income (AMI) in the County of Los Angeles. All fifty-nine (59) of the restricted units in the building have an operating subsidy through the Housing Authority City of Los Angeles's Project Based Voucher program.

One of the funding sources the project was awarded was the Affordable Housing and Sustainable Communities program on July 20, 2018. The AHSC program is part of California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment — particularly in disadvantaged communities. This is achieved through each award by funding an Affordable Housing Development (AHD), Transit Related Amenities (TRA), and associated Sustainable Transportation Infrastructure (STI) all through one application. Applicants generally have five years from the date of the award to complete construction of all components with a possibility of a two-year extension as determined by the Strategic Growth Councils (SGC), which is the public body that manages the program.

From Rounds 3 through 7, the City of Los Angeles was a co-applicant for funding which means the City is just as responsible as the developer in ensuring that all components of the AHSC scope of work be completed within the State mandated deadlines. The City and developers have executed Joint Application Agreements to clearly outline responsibilities, with the developers being responsible for constructing the Affordable Housing Developments and the City being responsible for completing the Transit Related Amenities as well as the Sustainable Transportation Infrastructure. Unfortunately, the

components that the City is responsible for delivering are only funded on a reimbursement basis so the City has struggled to identify the front funding necessary to begin construction of these components. As a result, the City infrastructure departments fell far behind schedule on all 24 projects for which the City is a co-applicant.

Although the PATH Villas Hollywood project has long been completed, the City is working towards a December 31, 2025 deadline that was generously granted by the SGC. The Bureau of Engineering (BOE) was accepting bid applications from companies that could complete the construction of the TRA and STI components of the AHSC award for this project. The deadline for the bid was June 11, 2025, and the City received the three bids listed below:

- | | |
|-------------------------------------|----------------|
| 1) Access Pacific, Inc. | \$5,781,735.00 |
| 2) Axiom Group | \$5,828,919.17 |
| 3) Environmental Construction, Inc. | \$4,026,609.00 |

The BOE is currently analyzing the bids to determine which company to recommend for this project. However, with time being critical, we are seeking authority to allocate up to \$1,552,139.57 in HHH funds to complete the STI and TRA component. The amount requested assumes that the highest bid submitted is selected by the Board of Public Works. The remaining gap will be closed through other funds we have already identified and reserved for this specific purpose. The final amount of HHH funds utilized for this infrastructure work may be lower depending on the bid selected and additional value engineering currently being conducted by BOE.

The consequences for failing to complete the project on time are negative points being allocated to the City, which will negatively impact our competitiveness for funding from the California Department of Housing and Community Development. The City has already provided \$12,320,000 in HHH funding for this project and the HHH regulations do allow funds to be utilized for infrastructure work associated with a permanent supportive housing project already funded by HHH.

PROJECT DETAILS

PATH Villas Hollywood

5627 W Fernwood Avenue, Los Angeles, CA 90028

Permanent Supportive Housing - 60 units

PATH (People Assisting The Homeless)

HHH Funding - \$12,320,000

Additional HHH Funding Requested - \$1,552,139.57

Potential Total HHH Funding - \$13,872,239.57