



Legislation Text

File #: 22-0518, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all documents necessary to execute an Exclusive Negotiation Agreement (ENA) to enter into an exclusive negotiation period with Shree Ganesh, Inc., for the property located at 802 East Pacific Coast Highway; Astha Management, LLC, for the property located at 1121 East Pacific Coast Highway; KJP Enterprises, LLC, for the property located at 1500 East Pacific Coast Highway; and HB, LLC for the property located at 5950 Long Beach Boulevard; for the potential purchase of real property as part of Project Homekey. (Districts 6,8)

On September 9, 2021, the State of California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for approximately \$1.45 billion in grants as part of the Homekey Program (Homekey) Round 2. The program continues a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness or at risk of homelessness and impacted by COVID-19 by partnering with local entities to acquire and rehabilitate a variety of housing types. Eligible grant activities include acquisition or rehabilitation of motels and hotels in support of those experiencing homelessness.

Upon notification of potential availability of Homekey funds and considering the extensive need for interim and permanent housing opportunities within the Long Beach, the City of Long Beach's (City) Affordable Housing Workgroup, comprised of representatives from the City Manager's Office and Development Services, Health and Human Services, and Economic Development Departments, discussed possible opportunities to leverage these funds, including utilizing Homekey Round 2 funds toward the acquisition or master lease, and operations of an existing motel into interim housing similar to the previous acquisition of the former Best Western location with Homekey Round 1 funds. On April 19, 2022, the City Council authorized the City Manager, or designee, to execute all necessary documents, and any necessary subsequent amendments, with HCD relating to the Homekey grant application and award of grant funds, for the acquisition and conversion of a hotel property.

Several sites have been identified as potential opportunities with City staff conducting due diligence activities to comply with grant requirements including appraisals, inspections, and demonstrating owner interest in participation through either a purchase and sale agreement, lease or an ENA. The property owners of four sites (802 East Pacific Coast Highway, 1121 East Pacific Coast Highway, 1500 East Pacific Coast Highway, and 5950 Long Beach Boulevard) have indicated they are amenable to entering into an ENA for a period of 90 days while the grant application is under review for potential award. The ENA requires the property owner to negotiate only with the City during this period but does not obligate the property owner to sell to the City. Subject to a grant award, the City and the property owner will

negotiate in good faith and should the ENA period result in successful negotiations of a purchase agreement, approval of any such agreement will be brought to City Council for approval. Should the City need additional time to negotiate terms or additional grant funds become available for the purchase or lease of an additional property, the ENA period can be extended at the discretion of the City Manager and property owners.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on April 25, 2022 and by Budget Management Officer Nader Kaamoush on April 21, 2022.

City Council approval is requested on May 10, 2022, to ensure timely execution of the ENA (s).

There is no known fiscal impact associated with this recommendation. The Economic Development Department will return to the City Council if and when negotiations conclude in order to authorize the purchase of a property and request an appropriation increase if necessary. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHNNY M. VALLEJO
ACTING DIRECTOR OF
ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER