

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

P.O. Box 952054
Sacramento, CA 94252-2054
www.hcd.ca.gov



March 20, 2024

Kevin Singer
Superior Court Receiver
Receivership Specialists
11500 W. Olympic Blvd., Suite 530
Los Angeles, California 90064

RE: Bid Proposal for Skid Row Housing Trust Projects
Aids Healthcare Foundation

Dear Mr. Kevin Singer:

The Department of Housing and Community Development (the "Department") is a lender on the 12 Skid Row Housing Trust ("SRHT") projects offered for sale by the receivership.

The Department is sending this letter of concern in regard to the bid by Aids Healthcare Foundation (the "Foundation") to acquire and operate the SRHT projects.

It is critical the SRHT properties are transferred to an owner who can address the needs of the buildings and the tenants who live there. The residents living in these properties are high-acuity and among the most vulnerable in the region. They deserve a safe and healthy place to live.

According to the proposed bidding criteria for qualified buyers of the SRHT projects, a bidder must demonstrate:

- Substantial compliance with regulatory requirements for all properties owned or controlled by the bidder in the City or County of Los Angeles.
- Code compliance as verified by applicable inspecting agencies (e.g. LAHD SCEP, HACLA, County Code Compliance) confirming no serious, recurring issues.
- Experience working with residents and providing appropriate supportive services, directly or by contract, to address tenant needs, such as case management services, health and behavioral health or substance use services, benefit program enrollment and meal service.

The Department is concerned that the Foundation does not meet these criteria and would not be a suitable owner and operator considering widely known and well documented shortcomings in the Foundation's ability to provide safe and well-maintained buildings.

For example, as reported in the Los Angeles Times ("LA Times") and other publications, the Foundation has had significant shortcomings in its provision of safe and well-maintained buildings and therefore would not be a suitable owner and operator. In one LA Times article entitled [Inside the Worlds' Largest AIDS Charity's Troubled Move into Affordable Housing](#), by Liam Dillon, *et al*, published November 16, 2023, the LA Times raised alarm about the quality of life for the tenants and the capacity of the Foundation's operations and made the following points:

- More than 1,300 residents under the Foundation's oversight were found to be living in squalid conditions and exposed to roach and bedbug infestations.
- Code enforcement and public health complaints at the Foundation's buildings are more than three times higher than those owned by other Skid Row nonprofits.

KnockLA, as part of its investigation into low-income affordable buildings owned by the Foundation, published an article on June 28, 2023, entitled [Aids Healthcare Foundation Low-Income Housing Projects Rife with Safety Issues, Resident Complaints](#) which stated the following:

"Frequently reported crime: According to data obtained from the Los Angeles Police Department for calls placed from late 2019 through 2022, there were more than a dozen calls per week on average ... for those residing within the Foundation's buildings."

According to KnockLA, there were 2,098 calls made by tenants of which 31% (650 calls) were for disputes and disturbances in the building.

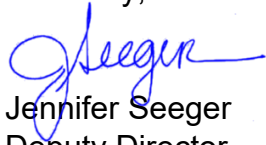
Finally, as noted in the LA Times article, the Foundation makes a point of not providing supportive services for tenants. Their rationale is that the money saved allows them to acquire more properties. However, adequate case management and access to supportive services is essential to meet the needs of the tenants and stabilize the SRHT properties.

Ensuring health and safety of the tenants and providing required supportive services is essential to the Department's regulatory compliance and failure to meet these standards puts tenants at risk. As you are aware, addressing homelessness is a multifaceted challenge that requires compassion, understanding, and specialized knowledge. Owners who possess expertise in this area are better equipped to navigate the complex issues

surrounding homelessness and to develop strategies that are both compassionate and effective. Given the numerous reports of failed code violations, the Department is concerned the Foundation does not meet the proposed bidding criteria and will not be able to effectively manage and maintain the properties. Ultimately the Department stands ready to coordinate with the eventual selected party in partnership to ensure the long-term sustainability of the units and support for the residents. If the Foundation is chosen, the Department respectfully requests they be required to work with an operating partner and provider that has the requisite experience in property management and resident services for the remaining affordability period.

Thank you for considering the Department's perspective and we look forward to the opportunity to discuss the matter further.

Sincerely,



Jennifer Seeger
Deputy Director

cc: Anne Sewill, General Manager, Los Angeles Housing Department