

Betrayal of Trust: The Troubled Story Behind 3340 Shelby Drive

I learned about the transactions surrounding the acquisition of 3340 Shelby Drive, purchased with Project Homekey funds and other State funding directed and approved by the City of Los Angeles, and its planned use as an interim homeless housing facility operated by the Weingart Center (led by their CEO, former Senator Kevin Murray) in a residential neighborhood. What I discovered, and what many of my neighbors have since come to understand, raises immediate and extreme concerns about public safety, transparency, and the misuse of taxpayer funds.

Eviction of Senior Living Facility Residents and Concealed Transactions

Before its acquisition, Terraza of Cheviot Hills operated as an assisted living senior home. The seniors residing there, many of them members of our broader community, were evicted as part of the transaction events. This critical fact was withheld from public documents and certain city officials. Records inconsistently described the property as a motel, a residential site, or a former senior facility, but never acknowledged it as an active senior living home.

An intermediary buyer was used in the sale, allegedly to conceal the evictions and to divert funds intended for homeless housing. The process exploited emergency powers under LAAC §8.33, bypassing competitive bidding, public review, and oversight, and shielding those involved from scrutiny. The entire acquisition and operation now sit under federal investigation, with one related party already indicted.

The Financial Scheme

The financial irregularities surrounding this project are staggering. The property was purchased by the Weingart Center from an intermediary for \$27.3 million, despite being in escrow at the same time and under a separate contract for just \$11.2 million (where the intermediary was the buyer and long-term owner, the seller), in an allegedly prearranged double-escrow scheme. Weingart and the City relied on a highly questionable appraisal - prepared by an appraisal company which at the time was blacklisted from federally backed mortgages - to justify the inflated price.

Emails obtained through public records show members of Mayor Karen Bass's office discussing the specific site and referencing \$47 million, months before any escrow existed, suggesting orchestration and foreknowledge of the transaction. Corporate entities were renamed to hide the intermediary's role. Public records also revealed Weingart's alleged negotiation of the deal terms with the intermediary, months before the intermediary owned the property or was in escrow on the property. These early dealings, combined with Weingart's ultimate signed purchase agreement, provided the framework for the eviction of senior residents and nearly-immediate second sale (i.e., the closing of the double-escrow) subject to and following the closing of the intermediary's purchase. The series of events raise serious questions about the underlying discussions and appropriateness of grant approvals. There is a great deal more to this financial story, which hopefully can be shared upon finality of the related federal criminal investigation.

The City approved \$20 million for renovations, despite the property having been an operating, well-maintained senior living facility. These approvals were all granted under "emergency powers" in 2023, though the project remains under construction in late 2025, exposing the so-called "emergency" as a pretext.

In total, the funding stack now approximates \$60 million (\$27.3 million acquisition + \$20.5 million renovations + \$11.1 million operations + \$195,000 replacement reserves) to house up to around 75 residents under a model that cannot restrict drug or alcohol use. This is a blatant misuse of taxpayer funds and a profound abuse of power.

Safety and the "Housing First" Loophole

Weingart Center and our Councilwoman Katy Yaroslavsky have repeatedly claimed that no drugs or alcohol will be allowed on-site. However, under California's "Housing First" model, enforcement of such rules is effectively prohibited, as state-funded housing programs must accept tenants regardless of substance use or behavioral issues. In other words, Weingart's supposed "no drug or alcohol" policy cannot legally be enforced. This reality was never disclosed to the

neighborhood. The fact sheet circulated by Weingart specifically stated otherwise, misleading the community into a false sense of security.

Had residents known the truth when the sale closed in 2024, opposition would have been swift and decisive. Instead, the community was misled, betrayed, and deliberately kept in the dark. Introducing a low-barrier facility without effective protections is reckless and dangerous.

False Promises About Tenant Selection and Related Rules

Weingart representatives (including their COO, Tonja Boykin), along with our Councilwoman Katy Yaroslavsky and her office, promised the facility would exclusively serve individuals aged 55 and older. Based on my review of applicable housing regulations, enforcing such an age restriction could violate anti-discrimination laws, and appear to conflict with the parameters of Homekey funding and the City's Inside Safe approach to housing—another promise that was knowingly impossible to keep.

In fact, public records revealed an email within Mayor Bass's office working group, noting to call Councilwoman Yaroslavsky, in order to discuss using the site consistent with the parameters of Inside Safe (which does not support limiting shelter access to seniors). This correspondence took place many months before Weingart and Councilwoman Yaroslavsky repeatedly told the neighborhood that tenant selection would be expressly limited by age. Additionally, initial insinuations of a mandated tenant curfew were later rescinded. This is further evidence of the intentional manipulation used to gain neighborhood acquiescence.

Continuing Misuse of Funds

Project Homekey selection is meant to follow a transparent, competitive process. Yet public records show no clear evidence that required procedures with respect to operator application or site selection were followed. Construction continues with government funds daily, despite the ongoing investigation and criminal proceedings involving several key participants.

Demand for Accountability and Action

The neighborhood impact is compounded by the intentional secrecy surrounding the project. When questioned, Weingart representatives claim the neighborhood was informed, citing outreach to certain Homeowners Associations (HOAs). However, Cheviot Hills and Beverlywood consist of multiple HOAs, and notably, Shelby Drive, where the property is located, is neither part of the Cheviot Hills HOAs nor the Beverlywood HOA. As a Shelby Drive resident, I asked how our street was notified. The responses from Ms. Boykin proved misleading and were riddled in untruths, as confirmed later through public records of internal Weingart emails discussing how to answer my inquiries. In reality, it appears that there was only an earnest attempt to directly notify one adjacent neighbor, with ultimate contact unclear, and no evidence of broader outreach on the street. Even the communications sent to some HOAs described the project as a "new senior home," avoiding any mention of a homeless shelter. In our 18-month investigation, nearly every resident we spoke with said they learned of the shelter only after the *Westside Current* article in May 2024.

Given these facts, our neighborhood urges our elected representatives to immediately freeze all funding related to the Shelby property until the federal investigation is complete. Ultimately, we stand united in strong opposition to its future use as a homeless shelter, due to the facility's low-barrier model, the profound safety risks it poses, the fraudulent and criminal circumstances surrounding its acquisition, and the wrongful eviction of senior residents.

Our community has made repeated attempts to engage Councilwoman Katy Yaroslavsky and city officials since 2024, raising red flags about safety, the financial integrity of the transaction, and the forced removal of seniors. These efforts were dismissed. During those conversations, Councilwoman Yaroslavsky assured neighbors that if the project failed to meet its promises, they would support restoring the property to a senior living facility. We call on Councilwoman Yaroslavsky now to honor that commitment, or facilitate a transparent, fair-market sale to restore public trust.

A Call for Ethical Governance

Evicting seniors while diverting funds intended for the homeless is not acceptable public policy. Continuing this project under these conditions violates both moral and procedural standards and deepens the city's growing crisis of mistrust in government.

We are calling for a public neighborhood meeting with our council office to address these issues openly and constructively before escalation becomes inevitable. Other city leaders, such as Mayor Chen in Torrance and Mayor Negrete in Santa Monica, have demonstrated that transparency and accountability can prevail. Both cities rejected similar proposals due to public safety and integrity concerns. Council District 5 must now do the same.

This is a defining moment. Los Angeles can either allow this betrayal of public trust to stand, or turn it into a model for ethical governance. By acting decisively, freezing funds, and embracing transparency, the City can begin to restore confidence, protect taxpayers, and demonstrate what true leadership looks like.

- *Samantha Nussbaum, local resident and Los Angeles native*
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