COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Gloria Molina
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Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

March 6, 2007

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE AMENDMENT NO. 1 TO LOAN AGREEMENT WITH HOMES FOR LIFE FOUNDATION TO DEVELOP 21 UNITS OF MULTIFAMILY HOUSING IN THE CITY OF NORWALK (4)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve Amendment No. 1 to the Loan Agreement (Agreement), presented in substantially final form, between the Commission and Homes For Life Foundation, a California nonprofit public benefit corporation (Developer), to increase the original amount of the HOME Investment Partnerships Program (HOME) loan by an amount not to exceed $125,000, from $1,889,905 to a maximum of $2,014,905 in HOME funds, for increased construction costs and permanent financing of the Birch Grove Homes, located at 11401 South Bloomfield Avenue, Building 303, in the City of Norwalk.

2. Authorize the Executive Director to execute Amendment No. 1 to the Agreement, to be effective following approval as to form by County Counsel and execution by all parties; and authorize the Executive Director to execute all necessary documents to subordinate the Commission's loan to permitted predevelopment, construction, and permanent financing, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Executive Director to incorporate up to $125,000 in HOME funds into the Commission's Fiscal Year 2006-2007 approved budget for the purposes described above.

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to amend the Agreement between the Commission and the Developer, to provide additional funding to cover increased construction costs and permanent financing of the Birch Grove Homes.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Total development costs are summarized in the Financial Analysis provided as Attachment A.

Under the original Agreement, $1,889,905 in HOME funds was provided for predevelopment, construction and permanent financing of Birch Grove Homes as a 55-year, three percent simple annual interest loan, evidenced by a Promissory Note and secured by a subordinated leasehold Deed of Trust. This loan is to be repaid from residual receipts generated by operation of the property. Since the initial funding of the project in 2005, the total development cost has increased to $4,484,981, due to increased construction costs. The current action will increase the HOME loan by an amount not to exceed $125,000, from $1,889,905 to a maximum of $2,014,905 in HOME funds, $828,074 of which will convert to permanent financing at completion of construction.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On March 15, 2005, your Board authorized a 55-year Loan Agreement between the Commission and the Developer, in the amount of $1,889,905 in HOME funds, for predevelopment, construction and permanent financing of the 21-unit Birch Grove Homes.

The Birch Grove Homes will be located at 11401 South Bloomfield Ave, Building 303, in the City of Norwalk. All rental units will be reserved for persons with chronic mental illness, with incomes that do not exceed 50 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area, as defined by the U. S. Department of Housing and Urban Development.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations Part 58, Section 58.35 (a) (3) (ii) this project is excluded from the provisions of the National Environmental Policy Act (NEPA) of 1969 because it involves activities that will not alter existing environmental

conditions, provided that the stipulations agreed to in the Memorandum of Agreement between HUD and the California State Historic Preservation Officer are carried out. Pursuant to the requirements of the California Environmental Quality Act (CEQA), and consistent with the CEQA Guidelines, an Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for this project by the State of California Department of Mental Health as lead agency. The adoption by the State of California Department of Mental Health of the IS/MND and Mitigation Monitoring Program, and the filing of a Notice of Determination along with the County's approval of the IS/MND and Mitigation Monitoring Plan as responsible agency on March 15, 2005, meet the requirements of CEQA.

IMPACT ON CURRENT PROGRAM:

The Amendment No. 1 will increase the HOME loan by an amount necessary to provide additional construction funding for the project, and will increase the supply of affordable special needs housing in the County.

Respectfully submitted,

Bobbette A. Glover

for CARLOS JACKSON
Executive Director

CJ:JW
Attachments: 2

Attachment A
HOUSING FINANCIAL ANALYSIS
BIRCH GROVE

The following is an analysis of funding for the project:

Development Phase:

	Total	Per Unit Cost
Sources		
LA County City of Industry Funds	$1,437,335	$68,444
LA County HOME -	2,014,908	95,948
HUD/LA Homeless Service Authority	400,000	19,048
Deferred Fees	432,738	20,606
AHP	200,000	9,524
TOTAL	**$4,484,981**	**$213,570**

Permanent Phase:

Sources		
HCD/MHP	$1,619,572	77,122
LA County City of Industry Funds	1,437,335	68,444
LA County HOME Loan	828,074	39,432
HUD/LA Homeless Service Authority	400,000	19,048
AHP	200,000	9,524
TOTAL	**$4,484,981**	**$213,570**

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
AMENDMENT TO LOAN AND DEVELOPMENT AGREEMENT
(HOME PROJECT NO. HE0084)

AMENDMENT NO. 1

THIS AMENDMENT TO LOAN AGREEMENT made and executed this _____ day of _____, 2007, by the Community Development Commission of the County of Los Angeles, hereinafter called the "Commission", and Homes For Life, a California Nonprofit Public Benefit Corporation, hereinafter called the "Borrower". Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

WITNESSETH THAT:

WHEREAS, the Commission and Borrower previously entered into and executed a Loan Agreement (the "Agreement") on March 15, 2005, for the principal amount of One Million Eight Hundred Eighty Nine Thousand Nine Hundred Five Dollars ($1,889,905) (the "HOME Loan"); and

WHEREAS, it is necessary to amend said Agreement, and both Borrower and Commission are desirous of such amendment;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the Parties agree that this Agreement be amended, as permitted by Section 20 of this Agreement, as follows:

1. Cover Page

"$1,889,905 (HOME)" shall be replaced with the following:

"$2,014,905 (HOME)"

2. Transaction Summary

"HOME Loan Amount: $1,889,905" shall be replaced with the following:

"HOME Loan Amount: $2,014,905"

3. Recitals

The first sentence in Section A shall be replaced with the following:

"A. WHEREAS, Borrower desires to borrow the principal amount of **Two Million Fourteen Thousand Nine Hundred Five Dollars ($2,014,905)** (the "**HOME Loan**") from COMMISSION for the purpose of providing financing for the predevelopment financing, construction financing, and permanent financing in connection with the TWENTY (20) HOME assisted units ("**HOME Units**") in the housing development ("**Project**") described in the Transaction Summary above, and as more particularly described in this Agreement.

4. All references to principal amount of the HOME loan shall be in the amount of Two Million Fourteen Thousand Nine Hundred Five Dollars ($2,014,905).

5. All other terms and conditions of this Agreement shall remain the same and in full force and effect.

IN WITNESS WHEREOF, the Parties, through their duly authorized officers, have executed this amendment as of the date first above written.

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

By:_____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By:_____
Deputy

BORROWER:

HOMES FOR LIFE FOUNDATION
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____