



**COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY
of the County of Los Angeles**

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Executive Director

October 02, 2018

The 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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-D October 2, 2018

CELIA ZAVALA
EXECUTIVE OFFICER

**APPROVE THE AMENDMENT AND RESTATMENT OF AN EXISTING LOAN AGREEMENT AND
ITS ASSIGNMENT TO THE ACTORS FUND TO PRESERVE 40 AFFORDABLE SPECIAL NEEDS
UNITS IN THE CITY OF WEST HOLLYWOOD
(DISTRICT 3) (3 VOTE)**

SUBJECT

This letter recommends amending and restating the loan agreement between the following parties: The Actors Fund (TAF), the City of West Hollywood (City), the Community Development Commission of the County of Los Angeles (Commission) and the original borrower West Hollywood Community Housing Corporation (WHCHC) that was executed on March 27, 1997. This letter also recommends the Commission assign the amended and restated loan to TAF or its Commission-approved designee. The loan is for Palm View Apartments (Project), a 40-unit special needs rental housing development located at 980 Palm Avenue in the City of West Hollywood.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director, or her designee, to enter into a Consent and Agreement as well as related documents to amend, restate and assign the existing loan agreement between the Commission, the City, TAF and WHCHC, following approval as to form by County Counsel.
2. Authorize the Executive Director, or her designee, to negotiate, execute, amend, and if necessary, terminate an amended and restated loan agreement and all related documents, including but not limited to, documents to subordinate the loan to construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements, between the Commission and TAF, or its Commission-approved designee, to subordinate the Deed of Trust to the senior lenders, to extend

the affordability period by 55 years, to accrue interest at 2% going forward, and to modify the residual receipt payments, following approval as to form by County Counsel.

3. Find that approval of the Loan Agreement is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action is not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to amend and restate the loan agreement between the Commission, the City, TAF and WHCHC, and to assign the loan agreement to TAF or its Commission-approved designee, in order to extend the useful life of the Project and preserve 40 units of affordable special needs housing for 55 years.

In 1997, the Commission provided \$949,800 in HOME funds to WHCHC for the acquisition and construction of Palm View Apartments, an affordable 40-unit special needs property located at 980 Palm View in the City of West Hollywood. The Commission's HOME loan was part of a loan agreement between the Commission, the City and TAF, pursuant to which the Commission, the City and TAF made their respective loans through this one loan agreement.

Founded in 1882, TAF helps professionals in performing arts and entertainment. TAF provides programs and services for those who are in need, crisis or transition. TAF core program areas are housing, healthcare, financial and employment assistance.

Under the existing loan agreements for Palm View Apartments, the development restricts 28 units to households whose incomes fall at or below 50% of the Area Median Income (AMI) and 12 units to households whose incomes are at or below 30% of the AMI. Additionally, of the 40 units in the property, 35 units are designated to serve tenants with HIV, AIDS and/or other disabilities.

WHCHC is the General Partner of Palm View Apartments and oversees property management and finances. TAF is the major lender in the Project and also provides resident services. When the Project was constructed in 1998, the sale of the Property to TAF was part of the original agreement. TAF was to take over ownership once the Project was through the initial tax credit compliance period of 15 years. Palm View Apartments has now reached this point.

In order for TAF to purchase the property from WHCHC, the loan agreement must be amended, restated and assigned to TAF. The Commission will require the amended and restated loan to include an additional 55 years of affordability from the date it is assigned to TAF. Current loan balance and interest accrued will be rolled into the amended and restated loan.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

TAF is requesting that the amended and restated loan accrue interest at a rate of 2% annually. Since 2014, the loan has been accruing 6.5% interest annually. Prior to 2014, the loan accrued interest at 3% annually. The decrease in interest rate to 2% is favorable to the property during the resyndication process, which TAF plans to complete after they purchase the property. If TAF fails to complete the resyndication process in two years, the interest rate will go to 3% instead of 6.5%, as 3% is the

Commission's current rate for new loans.

Subject to various underwriting requirements, the developers may be required by the Commission or other lenders to create a single asset entity to designate ownership of the project. These "designees" will be Commission-approved single asset entities created by the developers prior to execution of the loan agreement and all related loan documents.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

This action is not a project pursuant to CEQA because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA Guidelines. The proposed action is an administrative activity of the government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will extend the useful life of the Project and preserve the supply of permanent supportive housing in the County with long-term affordability.

Respectfully submitted,



MONIQUE KING-VIEHLAND
Executive Director

MKV:MB:km