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

Carlos Jackson
Executive Director

April 17, 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 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION TO DEVELOP 72 UNITS OF SENIOR HOUSING IN THE CITY OF BELL GARDENS (1)
(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 Southern California Housing Development Corporation, 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 $400,000, from $2,385,393 to a maximum of $2,785,393 in HOME funds, for increased construction costs and permanent financing of the Bell Gardens Senior Apartments, located at 6712 Clara Street, 7706-7712 Scout Avenue, and 7716-7720 Park Lane, in the City of Bell Gardens.

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 $400,000 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 Bell Gardens Senior Apartments.

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, $2,385,393 in HOME funds was provided for predevelopment, construction and permanent financing of Bell Gardens Senior Apartments 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 $14,870,596, due to increased construction costs. The current action will increase the HOME loan by an amount not to exceed $400,000, from $2,385,393 to a maximum of $2,785,393, which will convert to permanent financing at completion of construction. The additional construction cost short fall will be funded by the City of Bell Gardens in the amount of $250,000 and additional Deferred Developer Fees in the amount of $70,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On April 19, 2005, your Board authorized a 55-year Loan Agreement between the Commission and the Developer, in the amount of $2,385,393 in HOME funds, for predevelopment, construction and permanent financing of the 72-unit Bell Gardens Senior Apartments.

The Bell Gardens Senior Apartments will be located at 6712 Clara Street, 7706-7712 Scout Avenue, and 7716-7720 Park Lane, in the City of Bell Gardens. All of the units, with the exception of one two-bedroom manager's unit, will be reserved for seniors earning up to 50 percent of area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD).

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for this project pursuant to the requirements of the National Environmental Policy Act (NEPA). Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was adopted by the County of Los Angeles on June 5, 2001. Following the required public and agency comment period, HUD issued a Release of Funds for the project on September 8, 2001.

As a Responsible Agency, pursuant to the requirements of the California Environmental Quality Act (CEQA), the Commission reviewed the Initial Study/Negative Declaration (IS/ND) prepared by the City of Bell Gardens and determined that the project will not have a significant effect on the environment. The Board of Commissioners' adoption of the City of Bell Gardens' IS/ND on April 19, 2005, and filing of a Notice of Determination, meets 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,

for CARLOS JACKSON
Executive Director

CJ:JW
Attachments: 2

ATTACHMENT 1
FINANCIAL ANALYSIS
Bell Gardens Senior Apartments
6712 Clara Street, Bell Gardens, CA 90201

The project consists of 72 units, 71 of which will be reserved for low-income seniors, and one unit for an on-site manager. The HOME-assisted units will be reserved for low-income seniors, defined as those with incomes that do not exceed 50 percent of the Area Median Income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), as determined by the U.S. Department of Housing and Urban Development (HUD).

The following is a financial analysis of the project.

DEVELOPMENT PHASE:

	Total	Per Unit Cost
Sources		
Construction Phase		
Tax-Exempt Const. Loan	$7,000,000	$97,222
Bell Gardens CDC Loan	$2,513,895	$34,915
Low-Income Housing Tax Credits	$1,286,400	$17,867
Commission Home Loan	$2,385,393	$33,130
Deferred Funds	$964,909	$13,402
SOCAL Line Of Credit	$720,000	$10,000
Total	**$14,870,596**	**$206,536**

PERMANENT PHASE:

Sources		
Permanent Loan	$1,600,000	$22,222
Low-Income Housing Tax Credits	$4,288,000	$59,556
City Of Industry Loan	$1,500,000	$20,833
Commission Home Loan	$2,385,393	$33,130
City Of Bell Gardens	$3,812,203	$52,947
Affordable Housing Program	$275,000	$3,820
Deferred Developer Fee	$290,000	$4,028
Additional Bell Gardens Loan	$250,000	$3,472
Additional Home Loan	$400,000	$5,556
Additional Deferred Dev Fee	$70,000	$972
TOTAL	**$14,870,596**	**$206,536**

LOAN AGREEMENT
BETWEEN THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES AND
BELL GARDENS HOUSING PARTNERS, L.P.

AMENDMENT NO. 1
(HOME PROJECT NO. HE0080)

This Amendment No. 1 (the "Amendment") to the Loan Agreement ("Agreement") is made and entered into this _____ day of _____, 2007 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, ("Commission"), and BELL GARDENS HOUSING PARTNERS, L.P., a California Limited Partnership, ("Developer").

WHEREAS, at its meeting of April 19, 2005, the Board of Commissioners of the Commission authorized the Executive Director of the Commission to negotiate and to enter into agreements necessary to provide HOME Investment Partnerships Program (HOME) loan funds; and

WHEREAS, on April 19, 2005, the Commission and the Developer entered into the Agreement to provide for the commitment of HOME loan funds, subject to the conditions set forth therein; and

WHEREAS, the Commission and the Developer desire to amend the Agreement as provided herein;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree as follows:

1. Cover Page:

"$2,385,393" shall be replaced with the following:

"$ 2,785,393"

2. Transaction Summary:

"HOME Loan Amount: $2,385,393" shall be replaced with the following:

"HOME Loan Amount: $ 2,785,393"

2. The first sentence of Recital A shall be replaced with the following:

A. WHEREAS, Borrower desires to borrow the principal amount of TWO MILLION SEVEN HUNDRED EIGHTY FIVE THOUSAND THREE HUNDRED NINETY THREE DOLLARS ($2,785,393) (the "HOME" Loan) from the Commission for the

purpose of providing construction and permanent financing for a 72 unit senior development, also known as Bell Gardens Senior Apartments.

3. Paragraph 2 of Section 1.0 shall be replaced with the following:

The HOME Loan funds will be for the construction of seventy-one (71) HOME units on the Site and for reimbursement and payment of approved eligible costs described in Exhibit "H" ("Approved Development Budget"). This amount will be funded in accordance with Section 6 in an amount not to exceed TWO MILLION SEVEN HUNDRED EIGHTY FIVE THOUSAND THREE HUNDRED NINETY THREE DOLLARS ($2,785,393).

4. All references to the HOME Loan Amount shall be in the amount of Two Million Seven Hundred Eighty Five Thousand Three Hundred Ninety Three Dollars ($2,785,393).

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

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have authorized this Amendment and are executing this Amendment as of the day, month and year first above written.

COMMISSION:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES,
a public body, corporate and politic

By:_____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By:_____
Deputy

BORROWER:

BELL GARDENS HOUSING PARTNERS, L.P.,
a California limited partnership

By: SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION OF LOS ANGELES,
a California nonprofit corporation,
its General Partner

By:_____
Richard J. Whitingham
Chief Financial Officer