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

October 2, 2007

Honorable Board of Commissioners
Community Development Commission
of the 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 AMCAL SERENA FUND, L.P. TO DEVELOP 85 UNITS OF MULTIFAMILY HOUSING IN UNINCORPORATED EAST LOS ANGELES (1)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the approval of additional funding for the costs of remediation and construction, which costs were previously underestimated, unforeseen environmental testing, and permanent financing is not subject to the California Environmental Quality Act (CEQA), because the proposed activity will not have the potential for causing a significant effect on the environment.

2. Approve Amendment No. 1, presented in substantially final form, to the Loan Agreement between the Community Development Commission (Commission) and AMCAL Serena Fund, L.P., a California Limited Partnership (Developer), to increase HOME Investment Partnerships Program (HOME) funding by up to $1,100,000, from $4,438,658 to a maximum of $5,538,658, for additional environmental testing costs, increased construction costs and permanent financing of the Villa Serena Apartments.

3. Authorize the Executive Director to execute Amendment No. 1 and all necessary documents to subordinate the Commission's loan to permitted pre-development, construction, and permanent financing, to be effective following approval as to form by County Counsel and execution by all parties.

4. Authorize the Executive Director of the Commission to use up to $443,866 in HOME funds, as needed, for unforeseen project costs.

5. Authorize the Executive Director to incorporate up to $1,543,866 in HOME funds into the Commission's Fiscal Year 2007-2008 approved budget, as needed, for the purposes described above.

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to amend the subject Loan Agreement to provide additional funding for extensive unforeseen environmental testing costs, construction costs and permanent financing of the Villa Serena Apartments.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

The original loan provided $4,438,658 in HOME funds for pre-development, construction and permanent financing of the Villa Serena Apartments. This is a 55-year, three percent simple interest loan, evidenced by a Promissory Note and secured by a recorded Deed of Trust. It will be repaid from residual receipts generated by the operation of the property.

Amendment No. 1 will increase the loan by up to $1,100,000, from $4,438,658, for a maximum new loan amount of $5,538,658, which will convert to permanent financing upon completion of construction. A contingency of up to $443,866 in HOME funds is being set aside for unforeseen project costs.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 18, 2006, your Board approved the original loan to the Developer to provide $4,438,658 in HOME funds for development of the Villa Serena Apartments.

Thirty of the units will be reserved for households with incomes not exceeding 30% of the 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). Fifty-three of the units will be reserved for low-income households with incomes that do not exceed 60% of AMI. The remaining two units will serve as manager's units and will have no income restrictions.

The Amendment will provide additional funding for unforeseen environmental testing and construction costs and is presented in substantially final form. It will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for this project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Certifying Official of the Commission on April 10, 2006. Following the required public agency comment period, HUD issued a Release of Funds for the project on July 11, 2006.

As a Responsible Agency, and in accordance with the requirements of California Environmental Quality Act (CEQA) Guidelines, the Commission reviewed the IS/MND prepared by the County of Los Angeles and determined that the project will not have a significant adverse impact on the environment. Your Board's consideration and approval of the IS/MND on July 18, 2006 satisfied CEQA Guidelines as stated in Article 7, Section 15096.

The Developer is voluntarily seeking a closure letter from the Los Angeles County Fire Department for site remediation of contaminated soils. The additional funds being requested for this project are in part to reimburse the Developer for additional environmental testing costs. The balance of the funds will be used to reimburse the Developer for the costs of remediation and construction, which were previously underestimated by the Developer, and also for permanent financing. The Fire Department's remediation requirements are consistent with the Commission's CEQA findings and NEPA requirements. Therefore, the Commission does not need to conduct any additional CEQA or NEPA review of the Fire Department's remediation requirements.

The approval of additional funding for this project is exempt from 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 or result in any physical changes to the environment. The approval of additional funds is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

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

Respectfully submitted,

Bobbette A. Glover

for CARLOS JACKSON
Executive Director

Attachments: 2

Attachment A
HOUSING FINANCIAL ANALYSIS
Villa Serena Apartments

The project consists of 85 units, 83 of which will be reserved for low-income and extremely low-income households, and two units for on-site managers. The project will be located at 3887 East First Street and 115–121 North Bonnie Beach Place, in unincorporated East Los Angeles. The HOME-assisted units will be reserved for low-income households whose incomes do not exceed 60% 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) and for extremely low-income households, whose household income is no more than 30% of AMI.

The following is a financial analysis of the project.

	TOTAL	**PER UNIT**
Uses		
Total Development Cost	**$29,434,238**	**$346,285**
Sources		
Construction Phase		
Construction Loan (Tax-Exempt bonds)	$15,529,080	$182,695
Low-income housing tax credits (Equity Investor)	$6,434,001	$75,694
Commission HOME Loan	$5,538,658	$65,161
Deferred Developer Fee	$1,932,499	$22,735
Total Construction Sources	**$29,434,238**	**$346,285**
Permanent Phase		
Permanent Loan (Tax Exempt bonds)	$4,618,247	$54,332
Low-income housing tax credits (Equity Investor)	$11,489,287	$135,168
Commission HOME Loan	$5,538,658	$65,161
Multifamily Housing Program	$6,020,280	$70,827
Affordable Housing Program	$335,267	$3,944
Deferred Developer Fee	$1,432,499	$16,853
Total Permanent Sources	**$29,434,238**	**$346,285**

Total development cost does not include $443,865 in contingency.

LOAN AGREEMENT BETWEEN THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES AND AMCAL MULTI-HOUSING, INC. AND WOMEN ORGANIZING RESOURCES, KNOWLEDGE, AND SERVICES (HOME PROJECT NO. HE0090)

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 AMCAL SERENA FUND, L.P., a California Limited Partnership, hereinafter called the "Borrower". Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

WITNESSETH THAT:

WHEREAS, the Commission and Borrower previously entered into and executed a Loan Agreement (the "Agreement") on December 6, 2006, for the principal amount of Four Million Four Hundred Thirty Eight Thousand Six Hundred Fifty Eight Dollars ($4,438,658) (the "HOME Loan");

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

WHEREAS, the Borrower's interest in the Agreement was transferred to AMCAL Serena Fund, L.P., a California Limited Partnership, in furtherance of the low income housing tax credits financing for the Project, pursuant to Section 14 of the Agreement; and

NOW, THEREFORE, in consideration of the mutual undertakings herein, the Parties agree that this Agreement be amended, as permitted by Section 19.0 of this Agreement, as follows:

1. Cover Page

"$4,438,658 (HOME)" shall be replaced with the following:

"$5,538,658 (HOME)"

2. Transaction Summary

"HOME Loan Amount: $4,438,658" shall be replaced with the following:

"HOME Loan Amount: $5,538,658"

3. Recitals

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

"A. WHEREAS, Borrower desires to borrow the principal amount of **FIVE MILLION FIVE HUNDRED THIRTY EIGHT THOUSAND SIX HUNDRED FIFTY EIGHT DOLLARS ($5,538,658)** (the "**HOME Loan**") from COMMISSION for the purpose of providing financing for the predevelopment financing, construction financing, and permanent financing for an eighty-five (85) unit multifamily development, also known as Villa Serena Apartments.

4. 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:

AMCAL SERENA FUND, L.P.
A California Limited Partnership

By: AMCAL MULTI-HOUSING, INC.
A California Corporation, Its Developer
General Partner

By: _____

Name: _____

Title: _____

By: WOMEN ORGANIZING RESOURCES, KNOWLEDGE, AND SERVICES
A California non-profit public benefit corporation, Its Managing General Partner

By:_____