COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
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Commissioners

William K. Huang
Acting Executive Director

October 21, 2008

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 TITLE CONVEYANCE AND LEASE OF PROPERTY AND ALLOCATION OF COUNTY GENERAL FUNDS FOR CONSTRUCTION COSTS FOR CASA DOMINGUEZ, L.P. FOR THE DEVELOPMENT OF 70 UNITS OF AFFORDABLE MULTIFAMILY RENTAL HOUSING AND A FAMILY SERVICE CENTER IN EAST RANCHO DOMINGUEZ
(DISTRICT 2) (3 VOTE)

SUBJECT:

This letter requests that your Board approve the allocation of County General Funds to Casa Dominguez, L.P. for additional construction and permanent financing costs for the Casa Dominguez Apartments, which includes 70 units of affordable housing and a family service center (Project) to be located at 15787 South Atlantic Avenue in the unincorporated community of East Rancho Dominguez and in the City of Compton..

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Find that the transfer of funds and the approval of a Grant Agreement, as described herein, are not subject to the California Environmental Quality Act (CEQA) because the proposed activities are not defined as a project under CEQA and will not have the potential for causing a significant effect on the environment.

2. Approve and authorize the Acting Executive Director to execute a Grant Agreement with the Los Angeles Community Design Center, General Managing Partner of Casa Dominguez, L.P. (Developer), using County General Funds in a total amount of up to $832,311, comprised of

$459,667 in Emergency Shelter Funds (ESF) and $372,644 in Homeless Services Center Funds (HSCF) from Fiscal Year 2008-2009 from the Homeless Prevention Initiative, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Acting Executive Director to execute all required documents necessary to transfer a total amount of up to $459,667 in ESF for the purposes described above, and to incorporate these funds into the Commission's approved Fiscal Year 2008-2009 budget.

4. Authorize the Acting Executive Director to execute all required documents necessary to transfer a total amount of up to $424,814 in HSCF, of which $372,644 will be granted to the Developer and $52,170 will be retained for Commission administrative costs, and to incorporate these funds into the Commission's approved Fiscal Year 2008-2009 budget.

5. Authorize the Acting Executive Director to accept title to the Project site located at 15787 South Atlantic Avenue in unincorporated East Rancho Dominguez (Property) from the Developer.

6. Authorize the Acting Executive Director to negotiate a Ground Lease Agreement with the Developer for the purposes described above, and authorize the Acting Executive Director to execute the Ground Lease Agreement and all related documents following approval as to form by County Counsel.

7. Authorize the Acting Executive Director to execute documents to subordinate the Ground Lease to permitted construction and permanent financing, to execute any necessary intergovernmental, interagency, or inter-creditor agreements, and to execute and modify all related documents as necessary for the implementation of the Project.

8. Authorize the Acting Executive Director to enter into and execute all documents required for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of the recommended actions is to approve acceptance of title to the Property and the allocation of County General Funds for construction and permanent financing costs for the Casa Dominguez Apartments, which includes 70 units of affordable housing and a family service center to be located at 15787 South Atlantic Avenue in the unincorporated community of East Rancho Dominguez and in the City of Compton. The purpose is also to authorize the Acting Executive Director to negotiate a Ground Lease Agreement with the Developer for the Project.

FISCAL IMPACT/FINANCING:

Since the initial funding of the Casa Dominguez Apartments in 2004, the total development cost has increased to $30,146,975 due to increased construction costs. Under the current Disposition and Development Agreement with the Developer, $5,959,411 in HOME funds has been provided for predevelopment, construction, and permanent financing for the Project as a 55-year, 3% simple annual interest loan, evidenced by a Promissory Note and secured by a subordinated leasehold Deed of Trust, to be repaid from residual receipts generated by operation of the property.

The Project will be partially funded with a portion of the $20,000,000 in County General Funds (CGF), specifically the Emergency Shelter Funds (ESF), approved by the Board of Supervisors on June 20, 2005, to fund the construction and/or renovation of year-round emergency shelters and enhancements to the homeless support system.

On November 22, 2005, the Board of Supervisors approved allocating $3,600,000 in CGF to each Supervisorial District, with a 10% administrative fee in a total amount of $2,000,000 reserved for the Commission. The current action will allocate up to $459,667 in ESF.

Annually, $1,425,000 in Homeless Shelter Center Funds (HSCF) from the Homeless Prevention Initiative is granted to each Supervisorial District to fund programs and costs associated with services, operations and capital projects for homeless individuals and families.

The requested allocation of $424,814 in HSCF includes a grant of $372,644 to the Los Angeles Community Design Center and a 14% administrative fee in a total amount of $52,170 reserved for the Commission. The grant will pay a portion of construction and permanent financing costs associated with the development of the Casa Dominguez Apartments.

The Developer will convey the Property to the Commission, and will execute a Quit Claim Deed for title conveyance.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The current funding recommendation will provide County General Funds to the Developer through a Grant Agreement with the Commission, to be executed by the Acting Executive Director, following completion of financial arrangements and approval as to form by County Counsel. The Grant Agreement will incorporate affordability

restrictions and provisions requiring the Developer to comply with all applicable federal, state, and local laws.

The Developer will convey title to the Property to the Commission, which will maintain ownership of the Property. The Commission will lease the site to Casa Dominguez, L.P., the limited partnership formed by the Developer, for a period of 99 years. The limited partnership will be the legal recipient of the CGF and also named as Tenant or Lessee in the Ground Lease Agreement for the Project. The legal entity responsible for the implementation of the Project will be Casa Dominguez, L.P. The Los Angeles Community Design Center will be the managing general partner for the limited partnership. In accordance with California Health and Safety Code 33431, a public hearing on the lease of Commission-Owned property to Casa Dominguez, L.P. has been noticed.

The Project consists of 10 one-bedroom units, 26 two-bedroom units, 23 three-bedroom units, 10 four-bedroom units all of which are affordable to households with incomes that do not exceed 50% of the area median income, as defined by the U.S. Department of Housing and Urban Development for the Los Angeles-Long Beach Metropolitan Statistical Area. Seven of the units are reserved for Emancipated Foster Youth between the ages of 18-24. One three-bedroom unit is provided for the on-site manager and has no affordability requirements. The affordability requirements will remain in effect for 55 years. The Project also includes a family service center, which consists of a health clinic and a childcare center.

ENVIRONMENTAL DOCUMENTATION:

Approval of a Grant Agreement for the Project 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 or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

An Environmental Assessment was prepared for the Project pursuant to the requirements of 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 May 11, 2004. Following the required public and agency comment period, HUD issued a Release of Funds for the Project on May 30, 2004.

Approval of the Environmental Assessment/Mitigated Negative Declaration by the Commission on August 15, 2006, including the Mitigation and Monitoring Plan and filing of the Notice of Determination, satisfies CEQA requirements.

IMPACT ON CURRENT PROJECTS:

Approval of funds will provide additional construction funding for the Project and increase the supply of affordable multifamily rental housing in Los Angeles County.

Respectfully submitted,

WILLIAM K. HUANG
Acting Executive Director

Attachments: 1

ATTACHMENT A
HOUSING FINANCIAL ANALYSIS
CASA DOMINGUEZ

The Project consists of 69 units of affordable multifamily rental housing for very low-income households and one manager's unit, and is located at 15787 South Atlantic Avenue in the unincorporated community of East Rancho Dominguez and in the City of Compton.

The following is an analysis of funding for the project:

Development Phase:

	Total	Per Unit Cost
Sources		
Construction Loan	$15,742,722	$224,896
LA County HOME	5,009,411	71,563
LA County City of Industry	2,900,000	41,429
LA County Homeless Housing Fund (Proposed)	832,311	11,890
LA County Condo Conversion	1,100,000	15,714
LA County Tax Increment	300,000	4,286
LA County HOME Amendment	950,000	13,571
FHLB/AHP	379,500	5,421
LP Equity (Proposed)	1,695,137	24,216
GP Equity	100	1
Deferred Costs	1,237,794	17,683
Total Financing	**$30,146,975**	**$430,670**

Permanent Phase:

Sources		
Conventional Loan	$2,081,515	29,736
LA County HOME	5,009,411	71,563
LA County City of Industry	2,900,000	41,429
LA County Homeless Housing Fund (Proposed)	832,311	11,890
LA County Condo Conversion	1,100,000	15,714
LA County Tax Increment	300,000	4,286
LA County HOME Amendment	950,000	13,571
FHLB/AHP	379,500	5,421
California Solar Initiative	307,000	4,386
Deferred Developer Fee	514,134	7,345
LP Equity (Proposed)	15,773,004	225,329
GP Equity	100	1
Total Financing	**$30,146,975**	**$430,670**