



**HOUSING AUTHORITY
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4510 • TDD: 855.892.6095 • www.hacola.org

**Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

Sean Rogan
Executive Director

April 02, 2013

The Honorable Board of Commissioners
Housing Authority 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. 2 TO LOAN AGREEMENT WITH LOS ANGELES COUNTY
HOUSING DEVELOPMENT CORPORATION FOR SIX UNITS OF TRANSITIONAL HOUSING FOR
EMANCIPATED FOSTER YOUTH IN UNINCORPORATED WHITTIER
(DISTRICT 4) (3 VOTE)**

SUBJECT

This letter recommends approval of Amendment No. 2 to the Loan Agreement between the Housing Authority of the County of Los Angeles (Housing Authority) and Los Angeles County Housing Development Corporation (LACHDC), a non-profit public benefit corporation, for operation of the Coteau III property located at 13965 Coteau Drive in unincorporated Whittier. Approval of these actions will increase transitional housing for emancipated foster youth in Los Angeles County.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Executive Director or his designee to execute Amendment No. 2 to the Loan Agreement, attached in substantially final form, between the Housing Authority and LACHDC, to provide Condo Conversion Funds in an amount up to \$394,900, for increased construction costs, including the incorporation of sustainable building methods and energy efficiency upgrades, for the Coteau III Apartments, located at 13965 Coteau Drive in unincorporated South Whittier, to be effective following approval as to form by County Counsel and execution by all parties.
2. Authorize the Executive Director to incorporate up to \$394,900 in Condo Conversion funds into the Housing Authority's Fiscal Year 2012-2013 approved budget for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

1-H April 2, 2013

SACHI A. HAMAI
EXECUTIVE OFFICER

The purpose of this action is to amend the Loan Agreement between the Housing Authority and LACHDC, to provide additional funding for increased construction costs incurred for the Coteau III Apartments.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

Under the original Loan Agreement, \$948,155 in HOME funds and \$961,272 in City of Industry Funds were provided for predevelopment and construction costs for Coteau III. Amendment No. 1 to the loan agreement increased the funding amount by \$407,100 to a total of \$2,316,527; however, due to increased development costs, additional funds are needed. The current action will provide \$394,900 in Condo Conversion Funds allocated by the Fourth District for soft costs and construction.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 3, 2007, the Board of Commissioners of the Housing Authority and the Community Development Commission concurrently approved an allocation of Industry funds and HOME funds, for Coteau III, a six-unit development for Transition Age Youth. On December 15, 2009, the Board of Commissioners approved an additional \$407,100 in Industry funds for the continued viability of the development.

Since the initial funding of the project in 2007, the total development cost has increased by \$788,050 due to increased construction costs, including the incorporation of sustainable building methods and energy efficiency upgrades. The recommended action would provide for up to \$394,900 in Condo Conversion funds to the Coteau III project.

The project is pursuing LEED Gold certification. Energy efficient upgrades and sustainable rehabilitation measures made to the property include the installation of tankless water heaters and Energy Star appliances, drought tolerant landscaping and natural cross ventilation.

ENVIRONMENTAL DOCUMENTATION

On July 3, 2007, your Board found that the Coteau III Project is exempt from the provisions of the California Environmental Quality Act (CEQA) per California Public Resources Code Chapter 4.5, Article 6, Section 21159.24 because the Project met the criteria to qualify for an infill housing exemption and, therefore, does not have the potential for causing significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Amendment No. 2 will increase the loan by an amount necessary to provide additional construction funding for the project, which will increase the supply of affordable special needs housing in the County.

The Honorable Board of Supervisors

4/2/2013

Page 3

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line extending to the right.

SEAN ROGAN

Executive Director

SR:lk

Enclosures

**LOAN AGREEMENT
BETWEEN THE HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES AND
LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION - 1**

COTEAU III

AMENDMENT NO. 2

This Amendment No. 2 (the "Amendment") to the Loan Agreement ("Agreement") is made and entered into this ___ day of April, 2013 by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, ("HACOLA"), and **LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION - 1**, a nonprofit public benefit corporation, ("Developer").

WHEREAS, on July 3, 2007, the Los Angeles County Board of Commissioners of the Housing Authority (Board) approved a loan to the Borrower using City of Industry Redevelopment Housing Set-Aside Funds and Borrower entered into and executed a Loan Agreement on October 13, 2008 in the principal amount of Nine Hundred Sixty One Thousand Two Hundred Seventy Two Dollars (\$961,272); and

WHEREAS, on December 15, 2009, the Board of Commissioners approved an additional Four Hundred Seven Thousand One Hundred Dollars (\$407,100) in City of Industry Redevelopment Housing Set-Aside Funds for the project;

WHEREAS, HACOLA wishes to provide Condo Conversion Funds in an amount up to \$394,900, for increased construction costs, including the incorporation of sustainable building methods, and energy efficiency upgrades, for the Coteau III Apartments; and

WHEREAS, it is further necessary to amend said Agreement, and both Borrower and HACOLA are desirous of such amendment.

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

1. The Transaction Summary is amended as follows:

Condo Conversion Loan Amount: \$ 394,900 Interest Rate: 0% simple, 10% Default

Repayment term: 0 years. Repayment type: residual receipts (pro rata share with Industry & HOME)

2. The unit mix is amended as follows:

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*			6			6
45% Income*						
50% Income*						
Manager unit						
Totals			6			6

3. The RECITALS are amended as follows:

G. WHEREAS, Borrower desires to borrow the principal amount of Three Hundred Ninety Four Thousand Nine Hundred Dollars (\$394,900) (the “Condo Conversion Loan”) from the Authority for the purpose of providing predevelopment and construction financing in connection with the Project. The Authority’s source of funding for the Condominium Conversion funds collected in the unincorporated area of Los Angeles County’s Fourth District (“Condo Conversion Funds”). The HOME Loan, the Industry Loan, and the Condo Conversion Loan are referred to collectively herein as the “Loans”.

4. Section 1.3 Purpose of Loans is amended to include:

The Condo Conversion Loan shall be used for predevelopment and construction financing in the amount of Three Hundred Ninety Four Thousand Nine Hundred Dollars (\$394,900).

5. Borrower represents and warrants to HACOLA as of the date hereof:

(a) There have been no material changes in the financial condition of Borrower between the date of the Agreement and the date this Amendment.

(b) Borrower is not in default of any provision of the Loan Documents, as modified hereby, nor does any event or circumstance exists which with the passage of time or giving of notice or both would result in the existence of a default under the Agreement and any Loan Documents.

(c) All of the representations and warranties made by Borrower in the Agreement, as amended, and in any Loan Documents are true and correct.

(d) All information delivered by Borrower or its representatives or contractors to the HACOLA in connection with the Agreement, as amended, the Loan Documents, and or the Project is true and complete, do not omit any material information, and do not contain any materially misleading information,

(e) It is in good standing in its state of organization and in the State of California, if California is not its state of organization; and

(f) The execution, delivery and performance of this Amendment by Borrower (i) are within the Borrower's power; (ii) have been duly authorized by all necessary corporate, trust, limited liability company and/or partnership action; (iii) are not in contravention of any provision of Borrower's certificate of formation, certificate of limited partnership, operating agreement, limited partnership agreement or other organizational documents; (iv) do not violate any law or regulation, or any order or decree of any governmental authority; (v) has and is not engaged in any activities that conflict with or would result in the breach or termination of, constitute a default under or accelerate any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which Borrower is a party or by which Borrower or any of its property is bound; and (vi) do not require the consent or approval of any governmental authority or any other person or entity.

6. As amended hereby, all terms of the Agreement and the other Loan Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the parties thereto. To the extent any terms and conditions in any of the other Loan Documents shall contradict or be in conflict with any terms or conditions of the Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified and amended accordingly to reflect the terms and conditions of the Agreement as modified and amended hereby. All terms and conditions of the Loan Documents not inconsistent herewith shall remain in full force and effect and are hereby ratified and confirmed.
7. Borrower, on behalf of itself and its legal representatives, successors and assigns, hereby fully and forever waives, releases, acquits, and discharges the HACOLA, and its respective legal representatives, affiliates, predecessors-in-interest, successors-in-interest, agents, attorneys, assigns, shareholders, officers, employees and directors and their respective successors and assigns, by operation of law or otherwise, (collectively, the "Released Parties"), of and from any and all liabilities, claims, demands, defenses, actions, causes of action, rights (contingent, accrued, inchoate, or otherwise), or whatsoever kind and nature (collectively, "Claims"), known or unknown, which Borrower may now or hereafter have against any Released Party, existing or occurring prior to or as of the execution and delivery of this Amendment by the parties hereto, and which in any way, directly or indirectly, relate to, result from or arise out of the Agreement or the Loan Documents or the transactions related thereto or contemplated thereunder, including, without limitation, any Claims relating to, resulting from or arising out of negligence, intentional acts, the making, funding, administration, or collection of the loans made thereunder by any Released Party or any lender liability claims or the negotiation of this Amendment. In connection with the foregoing release, Borrower hereby waives any and all rights which exist or may exist under Section 1542 of the California Civil Code and any other comparable provisions or principals of state or Federal law, or the common law. Civil Code Section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR

HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

It is understood and agreed that the release set forth herein is a full and final release of any and all Claims of every nature and kind whatsoever arising out of the facts and circumstances described herein and that the foregoing release extinguishes all such Claims whether known, unknown, foreseen or unforeseen. Borrower understands and acknowledges the significance and consequences of this specific waiver of California Civil Code Section 1542 and any other comparable provision or principal of State or Federal law, or the common law, and hereby assume full responsibility for any injuries, damages, losses or liabilities that any of them may hereafter incur by virtue of this waiver.

8. Borrower hereby agrees to indemnify, defend (with counsel approved by the HACOLA) and save harmless the HACOLA and the other Released Parties from any and all claims, causes of action, suits, liabilities (including strict liabilities), administrative or judicial actions or proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, private damages, foreseeable and unforeseeable consequential damages, litigation costs, reasonable attorneys' fees, engineers' fees, environmental consultants' fees, and investigation costs of whatever kind or nature, and whether or not incurred in connection with any judicial or administrative proceedings which may arise in connection with any actions or occurrences in connection with this Amendment or the rights and/or remedies granted to the HACOLA hereunder and the other the HACOLA Released Parties, and their respective heirs, executors, and administrators.
9. Borrower acknowledges and agrees that it has been represented by counsel in connection with the execution and delivery of this Amendment and that the terms and conditions of this Amendment are the result of negotiation between the parties hereto.
10. Borrower covenants and agrees to execute and deliver to the HACOLA , or cause to be executed and delivered to the HACOLA, at the sole cost and expense of Borrower, any and all other documents, agreements, statements, resolutions, certificates, consents and information the HACOLA may reasonably require in connection with the matters or actions described herein. All such documents, agreements, statements, certificates and information shall be in form and content reasonably acceptable to the HACOLA in its reasonable discretion.
11. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile transmission or email shall be as effective as delivery of a manually executed counterpart hereof. This Amendment shall only be valid and effective upon its execution and delivery between the parties hereto.

12. Borrower acknowledges and agrees that it currently has no defense, set-off, counterclaim or challenge against the payment of any sums owing under the Agreement or any Loan Documents, or the enforcement of any of the terms or conditions thereof.
13. Borrower hereby acknowledges that, as of the date hereof, the security interests and liens granted to the HACOLA in furtherance of the Agreement, including but not limited to the deed of trust given by Borrower in furtherance of the Agreement, are duly perfected, in full force and effect and are enforceable in accordance with their terms and the terms of the Loan Agreement.
14. This Amendment constitutes the whole and entire agreement of the parties with respect to the subject matter of this Amendment, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Amendment replaces and supersedes all prior written and oral agreements by and among the parties hereto.
15. This Amendment is made solely for the benefit of the parties to this Amendment and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Amendment.
16. Each party to this Amendment represents and warrants to the other that it has the capacity and authority to enter into this Amendment.

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have authorized this Amendment and are executing this Amendment No. 2 as of the day, month and year first above written.

HACOLA:

**HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES,**
a public body, corporate and politic

By: _____
Sean Rogan, Executive Director

Date: _____

BORROWER:

**LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION - 1,**
a nonprofit public benefit corporation

By: _____
Richard Wirth, Chairman

Date: _____

APPROVED AS TO FORM:

John F. Krattli, County Counsel

By: _____
Deputy