



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#3-D December 6, 2022

A handwritten signature in black ink, appearing to read "Celia Zavala", is written over a light blue background.

CELIA ZAVALA
EXECUTIVE OFFICER

December 06, 2022

The Honorable Board of Commissioners
Los Angeles County
Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE GAP FINANCING FOR SIX PROJECTS LOCATED IN THE CITIES OF EL MONTE AND LOS ANGELES AND IN THE UNINCORPORATED COMMUNITIES OF WALNUT PARK AND ALTADENA AND AUTHORIZE INCREASES TO THE ASSOCIATED APPROVED LOAN AMOUNTS (DISTRICTS 1, 2, 4, AND 5) (3 VOTE)

SUBJECT

This letter recommends that the Board approve increases to approved loan amounts, totaling up to \$8,120,000, for six affordable multifamily rental housing developments funded by the Los Angeles County Development Authority (LACDA), which require additional funding due to financing gaps, and to use a combination of Affordable Housing Trust Funds (AHTF), HOME Investment Partnerships Program (HOME) Funds, and No Place Like Home (NPLH) funds for this purpose.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve increased loan amounts to the recommended developers identified in Attachment A, in an aggregate amount of up to \$8,120,000, using up to a total of \$5,000,000 in AHTF, \$1,600,000 in HOME funds, and \$1,520,000 in NPLH funds.
2. Authorize the Executive Director or his designee to incorporate, as needed, up to \$5,000,000 in AHTF, \$1,600,000 in HOME funds, and \$1,520,000 in NPLH funds into the LACDA's approved Fiscal Year 2022-2023 budget, and future Fiscal Year budgets, as needed, for the purposes described herein.
3. Authorize the Executive Director or his designee to reallocate the LACDA funding set aside for affordable housing at the time of project funding, as needed and within each project's approved

funding limit, in line with each project's needs, and within the requirements for each funding source.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The six projects seeking additional funding through this action are affordable multifamily rental housing developments that will provide a total of 391 affordable housing units. As a result of current economic conditions affecting labor, materials, and the cost of construction and permanent financing from private lending institutions, six projects previously funded or approved for funding are experiencing project financing gaps in an aggregate amount of \$8,120,000. Additional funding is needed to ensure the projects, which are identified in Attachment A, can begin construction, complete construction, or convert to permanent financing and begin operations. The LACDA is recommending approval of the funding increases and authority to amend existing loan documents, as needed, for the identified developments.

FISCAL IMPACT/FINANCING

The recommended increase in loan amounts to the developers identified in Attachment A will use a total amount of up to \$8,120,000, comprised of \$5,000,000 in AHTF, \$1,600,000 in HOME funds, and \$1,520,000 in NPLH funds. These funds will be incorporated into the LACDA's approved Fiscal Year 2022-2023 budget, and future Fiscal Year budgets, as needed, for the purposes described herein.

The recommended loan amounts are identified in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The identified developments were previously approved for funding as follows: Ramona Metro Point on October 1, 2019, through Notice of Funding Availability (NOFA) Round NPLH-1; Rosa de Castilla on June 19, 2018, through NOFA Round 23A; 5th and Central (formerly known as 803 5th Street) on May 26, 2020, through NOFA Round NPLH-1; Watts Works on March 10, 2020, through NOFA Round NPLH-1; Walnut Park Apartments on September 28, 2021, through NOFA Round 26; and Mirador (formerly Lincoln Avenue Senior Apartments) on May 4, 2021, through NOFA Round 26.

On November 15, 2022, the Board of Supervisors and the Board of Commissioners approved the transfer of up to \$5,000,000 to the LACDA, through a Funding Agreement with the Chief Executive Office's Affordable Housing Budget Unit, for the purpose of providing gap financing to projects financed under past Notice of Funding Availability rounds. The LACDA was directed by the Affordable Housing Budget Unit to ensure no other funding options were available to projects seeking additional financing and to determine if other funding sources available to the LACDA could assist in closing the identified financing gaps. The LACDA has made this determination for all projects, with the exception of Mirador. The LACDA will continue to assess the Mirador project to determine if no other funding options are available but seeks approval at this time to ensure a mid-December 2022 construction start required by tax credit financing can be met if additional funding is needed.

In addition to the AHTF committed by the Affordable Housing Budget Unit, the LACDA identified available HOME funds and, in collaboration with the Department of Mental Health, which partners with the LACDA on the administration of NPLH funds, identified available NPLH funds that could be used for this purpose. HOME funds are allocated on a yearly basis to the LACDA by the U.S. Department of Housing and Urban Development and NPLH funds are allocated to the County

through the State of California Department of Housing and Community Development.

Of the six projects identified herein, two projects are currently in construction (Ramona Metro Point and 5th and Central) and need additional funds to complete construction activities, two projects have completed construction (Rosa de Castilla and Watts Works) and need additional funds to convert to permanent financing and begin operations, and two projects (Walnut Park Apartments and Mirador) are set to begin construction but lack sufficient funds to do so.

The loan agreements and related documents will incorporate affordability restrictions, target assisted populations, and contain provisions requiring the developers to comply with all applicable federal, state, and local laws. Each loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded regulatory agreement.

The loan agreements and related documents for these projects will reflect the respective tenant population set-asides and indicate that the assisted units will be affordable to households earning no more than 30% of the median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as established by the U.S. Department of Housing and Urban Development. The loan agreements will require that the affordable housing units be set aside for a period of 55 years. Subject to various underwriting requirements, the developers have or may be required by the LACDA or other lenders to create a single asset entity to designate ownership of the project. These "assignees" will be LACDA-approved single asset entities created by the developers prior to execution of the loan agreements and all related loan documents.

The Board previously authorized the Executive Director or his designee, to negotiate, execute, and if necessary, amend, or reduce the loan agreements with the developers identified in Attachment A, or their LACDA-approved assignees, and all related documents, including but not limited to documents to subordinate the loans to construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of each development, following approval as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The proposed projects identified in Attachment A have been reviewed by the LACDA pursuant to the requirements of CEQA.

The Ramona Metro Point project was determined exempt from the requirements of the California Environmental Quality Act (CEQA) by the City of El Monte in accordance with CEQA Guidelines Sections 15192, 15194, and 15195. Acting as a responsible agency pursuant to CEQA, on October 1, 2019, the Board certified that the LACDA considered the exemption determination and found that this project will not cause a significant impact on the environment.

As a responsible agency, and in accordance with the requirements of CEQA, the LACDA reviewed the Initial Study/Mitigated Negative Declaration (IS/MND) prepared by the City of Los Angeles as lead agency for the Rosa de Castilla project and determined that this project will not have a significant adverse impact on the environment. Acting as a responsible agency pursuant to the CEQA, on June 19, 2018, the Board certified that the LACDA considered the IS/MND for the Rosa de Castilla project, found that the mitigation measures identified in the Mitigation Monitoring and Reporting Plan were adequate to avoid or reduce potential impacts below significant levels, and found that this project will not cause a significant impact on the environment.

The 5th and Central project (formerly 803 E. 5th St.) was determined categorically exempt from the requirements of CEQA by the City of Los Angeles in accordance with CEQA Guidelines Section 15332. Acting as a responsible agency pursuant to CEQA, on May 26, 2020, the Board certified that the LACDA considered the exemption determination for the 5th and Central Project and found that this project will not cause a significant impact on the environment.

The Watts Works project was determined exempt from the requirements of CEQA by the City of Los Angeles in accordance with AB 2162 and Government Code section 65651. Acting as a responsible agency pursuant to CEQA, on March 10, 2020, the Board certified that the LACDA considered the exemption determination for the Watts Works project and found that this project will not cause a significant impact on the environment.

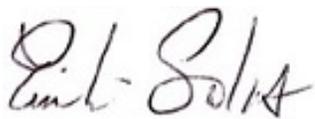
The Walnut Park Apartments project was determined ministerially exempt from CEQA by the County of Los Angeles Department of Regional Planning in accordance with AB 2162 and State CEQA Guidelines section 15268. Acting as a responsible agency pursuant to CEQA, on September 28, 2021, the Board certified that the LACDA considered the exemption determination for the Walnut Park Apartments project and found that this project will not cause a significant impact on the environment.

The Mirador project (formerly Lincoln Avenue Senior Apartments) was determined ministerially exempt from CEQA by the County of Los Angeles Department of Regional Planning in accordance with AB 2162 and Government Code section 65651. Acting as a responsible agency pursuant to CEQA, the Board certified that the exemption determination for the Mirador project and found that this project will not cause a significant impact on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The requested actions will provide needed financing to the identified projects and will increase the supply of Special Needs and affordable housing units in the County of Los Angeles.

Respectfully submitted,



Emilio Salas

Executive Director

ES:LK:ML

Enclosures

**ATTACHMENT A
PROJECTS RECOMMENDED GAP FUNDING**

Sup. Dist.	Jurisdiction	Development/ Applicant	Status	Type of Housing	Total Project Units	Original Funding Amounts				Additional Funding Requested			
						AHTF	HOME	No Place Like Home (NPLH)	Total LACDA Funding	AHTF	HOME	NPLH	Total LACDA Funding
1	El Monte	Ramona Metro Point/Domus Development	Construction	Mixed Population	51	\$0	\$0	\$5,520,000	\$5,520,000	\$0	\$0	\$1,120,000	\$6,640,000
1	Los Angeles	Rosa de Castilla/East Los Angeles Community Corp.	Construction Complete	Mixed Population	85	\$1,500,000	\$0	\$0	\$1,500,000	\$1,000,000	\$0	\$0	\$2,500,000
1	Los Angeles	5th and Central (fka 803 E. 5th St./ Coalition for Responsible Community Development	Construction	Special Needs	95	\$0	\$0	\$14,500,000	\$14,500,000	\$2,100,000	\$0	\$400,000	\$17,000,000
2	Los Angeles	Watts Works/Daylight Community Development	Construction Complete	Special Needs	25	\$0	\$0	\$2,640,000	\$2,640,000	\$650,000	\$0	\$0	\$3,290,000
4	Unincorporated Walnut Park	Walnut Park Apartments/Hollywood Community Housing Corp.	Starting Construcion March 2023	Special Needs	64	\$0	\$4,000,000	\$0	\$4,000,000	\$0	\$1,600,000	\$0	\$5,600,000
5	Unincorporated Altadena	Mirador (fka Lincoln Avenue Senior Apts)/Affirmed Housing Group	Starting Construction December 2022	Mixed Population	71	\$5,000,000	\$0	\$5,000,000	\$10,000,000	\$1,250,000	\$0	\$0	\$11,250,000
Totals					391	\$6,500,000	\$4,000,000	\$27,660,000	\$38,160,000	\$5,000,000	\$1,600,000	\$1,520,000	\$46,280,000

Note: Request for gap funding equals \$8,120,000.