ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3-D December 19, 2023

CELIA ZAVALA
EXECUTIVE OFFICER

HOUSING COMMUNITY ECONOMIC
LACDA
Los Angeles County Development Authority

December 19, 2023

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

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 Supervisors and Commissioners:

APPROVAL OF DISASTER RECOVERY MULTIFAMILY HOUSING PROGRAM FUNDING FOR A MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT IN UNINCORPORATED ALTADENA (DISTRICT 5) (3 VOTES)

SUBJECT

This letter recommends that the Board approve a loan totaling up to $3,141,177 in Disaster Recovery Multifamily Housing Program (DR-MHP) funds allocated to the County of Los Angeles (County) by the California Department of Housing and Community Development (HCD) to fund the development of the 2052 Lake Avenue Apartments affordable multifamily rental housing development in unincorporated Altadena, selected through a Request for Proposals issued by the Los Angeles County Development Authority (LACDA).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this action is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board Letter and in the record of the project.

2. Approve a loan to EAH, Inc. (EAH), a California non-profit public benefit corporation, or an LACDA-approved assignee, using up a total of $3,141,177 in DR-MHP funds.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that this action is exempt from CEQA, for the reasons stated in this Board letter and in the record of the project.

2. Authorize the Executive Director or designee to negotiate, execute, and if necessary, amend, or reduce the loan agreement with EAH, or their LACDA-approved assignee, and all related documents, including but not limited to documents to subordinate the loan to construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the development, following approval as to form by County Counsel.

3. Authorize the Executive Director or designee to reallocate the LACDA funding set aside for affordable housing at the time of project funding, as needed and within the project's approved funding limit, in line with the project's needs, and within the requirements for each funding source.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

2052 Lake Avenue Apartments is a proposed new construction 100% affordable housing development that will consist of 58 units reserved for homeless households. The property is located in Altadena, on the Lake Avenue commercial corridor between Morada Place and Boston Street. There is currently a single medical office building on site that is home to three doctor's offices. The existing building will be demolished prior to construction. In its place will be the construction of a four-story, 58-unit, multifamily residential building serviced by an elevator. Unit mix includes 57 one-bedroom units and one two-bedroom manager's unit reserved for a full-time manager. The ground floor will include a community room, two courtyards, exercise room, computer lab, and laundry room. There will also be a leasing office and offices for property management and on-site services for residents. All residential units will have a full kitchen and bath and comply with accessibility and sustainability requirements.

Approval is requested to ensure that the project is awarded DR-MHP funds allocated to the County by HCD, conditioned upon HCD's approval and funding commitment.

FISCAL IMPACT/FINANCING

On April 6, 2021, the Board authorized the LACDA to incorporate DR-MHP grant funds from HCD into its budget, as needed. The recommended loan to EAH will provide a total of up to $3,141,177 in DR-MHP funds. This amount is included in the LACDA's Fiscal Year 2023-2024 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 1, 2020, HCD announced the availability of approximately $66,000,000, as appropriated under Public Laws 115-123, for the DR-MHP 2017 to provide grant funding for the rehabilitation, reconstruction, and/or new construction of affordable multifamily housing in designated areas impacted by the wildfires, flooding, mudflows, and debris flows in October and December of 2017. The amount of DR-MHP 2017 grant funds available to the County of Los Angeles for project and activity delivery costs is an amount not to exceed $590,987.00.

On January 28, 2021, HCD also announced the availability of approximately $250,000,000, as appropriated under Public Laws 115-254 and 116-20, for the DR-MHP 2018 to provide grant funding for the rehabilitation, reconstruction, and/or new construction of affordable multifamily housing in designated areas impacted by the wildfires in July – September and November 2018. The amount of DR-MHP 2018 grant funds available to the County of Los Angeles for project and activity delivery costs is an amount not to exceed $2,708,009.53.

On April 6, 2021, the Board authorized the LACDA to act as an agent of the County in the administration of the DR-MHP and authorized the Executive Director of the LACDA, or his designee, to take any and all necessary steps for the administration of the DR-MHP. Additionally, the Board approved Resolutions to receive up to $590,987.00 in 2017 DR-MHP grant funds and to receive up to $2,708,009.53 in 2018 DR-MHP grant funds.

In November 2021, the LACDA completed a Request for Proposals process for the use of DR-MHP funds and received seven applications. After evaluation and scoring of the applications, one project, 2052 Lake Avenue Apartments, was selected and recommended to HCD for approval. HCD has provided a conditional commitment and is currently reviewing the environmental assessment. The LACDA is seeking funding approval from the Board of Commissioners, conditioned upon the HCD's approval and funding commitment.

On June 14, 2022, the Board approved a loan to EAH, or an LACDA-approved assignee, for $7,000,000 in Affordable Housing Trust Funds, as a result of an award made through Notice of Funding Availability Round 27.

On August 9, 2022, the Board authorized the LACDA to amend the allocation of funding and the Standard Agreement for the 2017 DR-MHP funds to incorporate 2018 DR-MHP grant funds in the amount of $2,708,005.53 for an aggregate, not to exceed amount of $3,298,996.53 for the rehabilitation, reconstruction and/or new construction of affordable multifamily housing in designated areas impacted by wildfires, flooding, mudflows and debris flows in October and December of 2017 and July-September and November 2018.

The loan agreement with EAH, or an LACDA-approved assignee, and related documents will incorporate affordability restrictions, target assisted populations, and contain provisions requiring the developer to comply with all applicable federal, state, and local laws. The 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 agreement and related documents for this project 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 agreement will require that the affordable housing units be set aside for a period of 55 years. Subject to various underwriting requirements, the developer may be required by the LACDA or other lenders to create a single asset entity to designate ownership of the project. This "assignee" will be an LACDA-approved single asset entity created by the developer prior to execution of the loan agreement and all related loan documents.

This letter recommends that the Executive Director, upon approval by County Counsel, have the authority to execute and amend the loan agreement with EAH as needed. Amendments may be necessary in cases where project specifics change after execution of the loan agreement.

The recommended authority to reduce any loan below the amounts stated in this action is requested in cases where the financing shows the maximum loan amount is not needed by the project. In this case, any reduction in a loan amount would occur during project underwriting and would take place prior to execution of any loan agreement.

This letter also recommends that the Executive Director have the authority to reallocate funds set aside for affordable housing development at the time of project funding to better align project funds with available resources. This may include using different funding sources previously approved by the Board for affordable housing development. Any reallocation of funds will be made within the project's approved funding limit, in line with project needs, and within the requirements for each funding source.

Approving the project will allow the County, through the LACDA, to provide funding for affordable housing development.

ENVIRONMENTAL DOCUMENTATION

Providing DR-MHP grant funds for the 2052 Lake Avenue Apartments project is exempt from CEQA pursuant to section 21080.10 of the Public Resources Code and SB 406 based upon the written findings incorporated in the record setting forth the basis of the exemption.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended loan of DR-MHP funds will increase the supply of affordable housing in the County.

Respectfully submitted,

Emilio Salas
Executive Director

ES:LK:ML:BL