



March 19, 2024

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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3-D March 19, 2024

JEFF LEVINSON
INTERIM EXECUTIVE OFFICER

**APPROVAL OF FUNDING FOR TWO MULTIFAMILY AFFORDABLE HOUSING
DEVELOPMENTS LOCATED IN UNINCORPORATED COMPTON AND IN THE CITY OF LOS
ANGELES
(DISTRICT 2) (3 VOTES)**

SUBJECT

This letter recommends that the Board approve loans totaling up to \$10,320,000 in Affordable Housing Trust Funds (AHTF) and No Place Like Home (NPLH) funds to finance the development of two affordable multifamily rental housing developments selected through the Notice of Funding Availability (NOFA) Round 26 and NOFA Round 27, issued by the Los Angeles County Development Authority (LACDA). The allocations recommended in this action include \$7,220,000 in AHTF and \$3,100,000 in NPLH funds.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that approval of funding for these projects is not subject to the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.
2. Approve loans to the recommended developers identified in Attachment A, using up to a total of \$7,220,000 in AHTF and \$3,100,000 in NPLH.
3. Authorize the Executive Director or his designee, to negotiate, execute, and if necessary, amend, or reduce the loan agreements with the recommended 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.

4. Authorize the Executive Director or his designee to accept and incorporate, as needed, up to \$7,220,000 in AHTF and \$3,100,000 NPLH into the LACDA's approved Fiscal Year 2023-2024 budget, as needed, for the purposes described herein.

5. 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 two projects seeking approval through this action are affordable multifamily rental housing developments that will provide a total of 144 housing units, comprised of 35 units for chronically homeless households with a mental illness, 22 units for chronically homeless households, 19 units for homeless veterans, 14 units for transition age youth, 52 units for low-income households, and two onsite manager's units.

Approval is requested to ensure that the housing development projects identified in Attachment A can meet upcoming deadlines for submitting applications to other leveraged finance sources.

FISCAL IMPACT/FINANCING

The recommended loans to the developers identified in Attachment A will provide a total amount of up to \$7,220,000 in AHTF and \$3,100,000 in NPLH funds. This amount will be incorporated into the LACDA's approved Fiscal Year 2023-2024 budget, as needed, for the purposes described herein.

The recommended loan amounts are identified in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 8, 2020, the LACDA issued NOFA Round 26. NOFA Round 26 offered a total of \$105.2 million in AHTF and NPLH funds, with funding requests exceeding available funds by approximately \$200 million. A total of 16 projects were selected for AHTF and NPLH funding. A total of 15 of the 16 projects have since been approved by your Board in prior actions. At this time, the LACDA is recommending the Lincoln Theater Housing, the final project from NOFA 26, for award of \$2,000,000 in AHTF and \$3,100,000 NPLH funds.

On December 22, 2021, the LACDA issued NOFA Round 27. NOFA Round 27 offered a total of \$66.8 million in AHTF and HOME Investment Partnerships Program (HOME) capital funding, with funding requests exceeding available funds by approximately \$83 million. A total of 14 projects were selected for AHTF and HOME funding. A total of 13 of the 14 projects have since been approved by your Board in prior actions. At this time, the LACDA is recommending the East Rancho Apartments, the final project from NOFA 27, for award of \$5,220,000 in AHTF.

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. Approval of the projects included in this action will leverage approximately \$67.5 million in additional external funding

sources.

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 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.

This letter recommends that the Executive Director, upon approval by County Counsel, have the authority to execute and amend loan agreements, as needed, with the recommended developers. 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 a 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. Any reallocation of funds will be made within each project’s approved funding limit, in line with project needs, and within the requirements for each funding source.

ENVIRONMENTAL DOCUMENTATION

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

The recommended action to provide additional funding for these projects is not subject to CEQA pursuant to SB 406 and Public Resources Code section 21080.10. CEQA does not apply to the provision of financial assistance by a local agency not acting as a lead agency for the development and construction of residential housing for persons and families of low and moderate income, as defined in Section 50096 of the Health and Safety Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

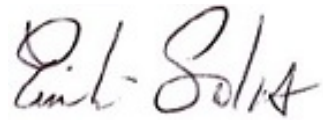
The requested actions will increase the supply of Special Needs and affordable housing units in the County of Los Angeles.

The Honorable Board of Commissioners

3/19/2024

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is written in a cursive, flowing style.

Emilio Salas

Executive Director

ES:LK:BL

Enclosures

ATTACHMENT A
NOFA 26 & 27
RECOMMENDED FUNDING ALLOCATIONS (March 19, 2024)

					NOFA 26		NOFA 27			
Sup. Dist.	Jurisdiction	Development/ Applicant	Type of Housing	Total Project Units	Affordable Housing Trust Funds	No Place Like Home	Affordable Housing Trust Funds	Total LACDA Funding	Other Funding Resources	Total Development Cost
2	Los Angeles	Lincoln Theater Housing/ CRCD Partners	Mixed Population	72	\$2,000,000	\$3,100,000		\$5,100,000	\$35,706,787	\$40,806,787
2	Unincorporated Compton	East Rancho Apartments/ Coalition for Responsible Community Development	Mixed Population	72			\$5,220,000	\$5,220,000	\$31,837,750	\$37,057,750
Totals				144	2,000,000	3,100,000	5,220,000	10,320,000	67,544,537	77,864,537