



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

August 06, 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

5-D August 6, 2024

A handwritten signature in black ink that reads "Edward Yen".

EDWARD YEN  
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE GAP FINANCING FOR MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT  
LOCATED IN THE CITY OF LONG BEACH  
(DISTRICT 4) (3 VOTE)**

**SUBJECT**

This letter recommends that the Board approve an increase to approved loan amount up to \$1,995,000 for one affordable multifamily rental housing development funded by the Los Angeles County Development Authority (LACDA), which requires additional funding due to a financing gap, and to use Affordable Housing Trust funds (AHTF) for this purpose.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve an increased loan amount to Excelerate Housing Group, LLC, in an amount of up to \$1,995,000 in AHTF.
2. Authorize the Executive Director or his designee to incorporate, as needed, up to \$1,995,000 in AHTF into the LACDA's approved Fiscal Year 2024-2025 budget, as needed, for the purposes described herein.
3. Authorize the Executive Director or his designee, to negotiate, execute, and if necessary, amend, or reduce the loan agreement with Excelerate Housing Group, LLC 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.
4. Find that approval of funding for this project is not subject to the California Environmental Quality

Act (CEQA) for the reasons stated in this Board letter and the record.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The project seeking additional funding through this action, 26 Point 2, is an affordable multifamily rental housing development that provides 77 affordable housing units. As a result of current adverse economic conditions affecting the insurance market, labor, materials, and the cost of construction and permanent financing from private lending institutions, the project has a financing gap in the amount of up to \$1,995,000. Additional funding is needed to ensure the project can convert to permanent financing. The LACDA is recommending approval of the funding increase and authority to amend existing loan documents, as needed.

### **FISCAL IMPACT/FINANCING**

The recommended increase in loan amount will use a total amount of up to \$1,995,000 in AHTF. This amount will be incorporated into the LACDA's approved Fiscal Year 2024-2025 budget, as needed, for the purposes described herein.

The recommended increase and total LACDA funding are identified in Attachment A.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

26 Point 2 was previously approved for funding as follows: on May 4, 2021, through LACDA's Notice of Funding Availability (NOFA) Round 26, and March 7, 2023, through Board action for additional gap financing. 26 Point 2 completed construction on December 19, 2023, and is fully occupied as of March 22, 2024, but lacks sufficient rental income revenue to sustain current operational expenses and funds to convert to permanent financing. The developer for 26 Point 2, Excelerate Housing Group, LLC, is also requesting additional funds from the City of Long Beach.

The loan agreement 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. 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.

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

**ENVIRONMENTAL DOCUMENTATION**

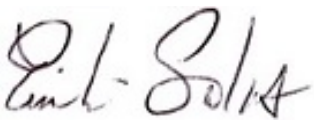
The proposed project identified in Attachment A has been reviewed by the LACDA pursuant to the requirements of CEQA.

The recommended action to provide additional funding for this project 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 provide needed financing to the identified project 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:CK

Enclosures

**ATTACHMENT A  
RECOMMENDED PROJECT**

Sup. Dist.	Jurisdiction	Development/ Applicant	Type of Housing	Total Project Units	Original Funding Amount	Additional Funding (1st Request)	Additional Funding (2nd Request)	Total LACDA Funding
					Affordable Housing Trust Funds (NOFA 26)	AHTF	AHTF	
4	Long Beach	26 Point 2 / Excelerate	Special Needs	77	\$5,000,000	\$1,000,000	\$1,995,000	\$7,995,000
<b>Totals</b>				<b>77</b>	<b>5,000,000</b>	<b>1,000,000</b>	<b>1,995,000</b>	<b>7,995,000</b>