



April 15, 2025

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 UNINCORPORATED
COMMUNITIES OF WEST CARSON, ATHENS-WESTMONT, AND EAST LA, AND THE CITIES
OF LOS ANGELES AND EL MONTE
(DISTRICTS 1 AND 2) (3 VOTE)**

SUBJECT

This letter recommends that the Board approve increases to approved loan amounts, totaling up to \$27,870,000, for six affordable multifamily rental housing developments funded by the Los Angeles County Development Authority (LACDA), which require additional funding due to financing gaps.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the 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 increased loan amounts to the recommended developers, or their approved assignees identified in Attachment A, in an aggregate amount of up to \$27,870,000, using Affordable Housing Trust Funds (AHTF).
3. Authorize the Executive Director to incorporate \$27,870,000 in AHTF and into the LACDA's approved Fiscal Year 2023-2024 budget, or future Fiscal Year budgets, as needed for this purpose.
4. 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 712 affordable housing units. As a result of tariffs; current economic conditions affecting labor and materials; the cost of permanent financing from private lending institutions; and lack of clarity for corporate tax rates, which affects tax credit pricing, six projects previously funded or approved for funding are experiencing project financing gaps in an aggregate amount of \$27,870,000. Additional funding is needed to ensure the projects, which are identified in Attachment A, can begin construction or complete construction. The LACDA is recommending approval of the funding increases, authority to amend existing loan documents or financing commitments, as needed, for the identified developments, and incorporating the additional project funding into the LACDA's budget.

FISCAL IMPACT/FINANCING

The recommended increase in loan amounts to the developers identified in Attachment A will use a total amount of up to \$27,870,000 in AHTF. The LACDA will incorporate, as needed, up to \$27,870,000 into LACDA's approved Fiscal Year 2024-2025 budget and future Fiscal Year budgets, as needed. The funds will be used for housing projects previously approved for financing.

The recommended loan amounts are identified in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The identified developments were previously approved for funding through the identified Notice of Funding Availability (NOFA) Rounds as follows:

1. Casa de la Luz, on August 6, 2024, through NOFA 30
2. Esperanza Village, on October 8, 2024, through NOFA 30
3. Century + Restorative Care Village Phase II, on August 6, 2024, through Request for Proposals LACDA21-043
4. CRCD Normandie Apartments (formerly Normandie Rosemont Apartments), on May 4, 2021, through NOFA 26
5. The Brine Residential, on May 26, 2020, through NOFA No Place Like Home (NPLH)-1
6. West Carson Villas, on February 19, 2019, through NOFA No Place Like Home (NPLH)-1

In Fiscal Years 2022-2023 and 2023-2024, the LACDA issued Notices of Funding Availability using American Rescue Plan (ARP) Act-enabled funds (Plan Z funds), HOME-ARP funds, and No Place Like Home funds, respectively. Therefore, the AHTF allocated to the LACDA for those fiscal years is not issued. A portion of unallocated AHTF held by the LACDA for future NOFA rounds will be used for the purpose of closing financing gaps in the six projects. As in past actions where loan funds were increased, the LACDA ensured no other funding options were available to projects seeking additional. The LACDA has made this determination for all projects and will continue to assess the identified projects to determine if no other funding options are available before executing loan amendments.

The LACDA is requesting authority to commit AHTF to the projects that require additional funding, but will work to identify available HOME and/or NPLH funds that can be used for the purposes described herein. 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 by the State of California Department of Housing and Community Development and administered by the LACDA for the

County of Los Angeles.

As identified in Attachment A, of the six projects identified, two projects are currently in construction and need additional funds to complete construction activities and three projects need additional funds before construction can begin. The financing gaps are due to a variety of factors associated with labor shortages, increasing costs of materials, and influences from the general economy. The economic factors include lower tax credit pricing due to the potential for tax reform that is reducing investor demand, higher interest rates on private debt, a general economic climate that makes other investments attractive, and imposed tariffs and the threat of additional tariffs that affect materials used in the development of affordable housing.

The loan agreements, amendments, and related documents will maintain affordability restrictions, target assisted populations and contain provisions requiring the developers to comply with all applicable federal, state, and local laws. Each loan amendment 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, amendments, 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 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)

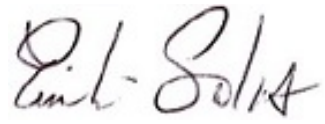
The requested actions will provide needed financing to the identified projects and will increase the supply of Special Needs and affordable housing units in the County of Los Angeles.

The Honorable Board of Commissioners

4/15/2025

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is fluid and cursive, with the first name "Emilio" and last name "Salas" clearly distinguishable.

Emilio Salas

Executive Director

ES:LK:ML

Enclosures

ATTACHMENT A
PROJECTS RECOMMENDED FOR GAP FUNDING

						Current Project Funding					Additional Funding Requested	New Total LACDA Funding
Sup. Dist.	Jurisdiction	Development/ Applicant	Status	Type of Housing	Total Project Units	Affordable Housing Trust Funds (AHTF)	Mental Health Housing Program Funds (MHHP)	No Place Like Home (NPLH) Funds	Supervisorial Discretionary Funding	Total LACDA Funding	AHTF	AHTF & NPLH
1	El Monte	Esperanza Village/ National CORE & Prima Development	Predevelopment	Mixed Population	202	\$10,000,000		\$8,000,000	\$10,000,000	\$28,000,000	\$9,970,000	\$37,970,000
1	Los Angeles	Century + Restorative Care Village Phase II/ Century Affordable Development Inc.	Predevelopment	Mixed Population	150			\$10,000,000		\$10,000,000	\$10,000,000	\$20,000,000
1	Los Angeles	The Brine Residential/ Decro	Converting to Permanent Financing	Mixed Population	97			\$10,570,000		\$10,570,000	\$3,000,000	\$13,570,000
1	Unincorporated East LA	Casa de la Luz/ Hollywood Community Housing Corp	Predevelopment	Mixed Population	95			\$7,000,000		\$7,000,000	\$2,000,000	\$9,000,000
2	Unincorporated Athens/Westmont	CRCD Normandie/ Coalition For Responsible Community Development	Construction	Special Needs	57	\$1,960,000		\$588,000		\$2,548,000	\$1,500,000	\$4,048,000
2	Unincorporated West Carson	West Carson Villas/ PATH Ventures	Converting to Permanent Financing	Mixed Population	111	\$7,000,000	\$7,000,000	\$0		\$14,000,000	\$1,400,000	\$15,400,000
				Totals	712	\$18,960,000	\$7,000,000	\$36,158,000	\$10,000,000	\$72,118,000	\$27,870,000	\$99,988,000

Note: The total for Esperanza Village includes an anticipated April 1, 2025 approval of \$10 million in in discretionary funds from the First Supervisorial District.