



October 14, 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:

**EXTENSION OF THE LOS ANGELES COUNTY HOUSING INNOVATION FUND II  
(ALL DISTRICTS) (3 VOTE)**

**SUBJECT**

This letter recommends approval for the Los Angeles County Development Authority (LACDA) to extend the Los Angeles County Housing Innovation Fund II (LACHIF) program, increase the allowable area median income (AMI) for projects financed by LACHIF and enter into amended and restated loan agreements with Low Income Investment Fund (LIIF), Century Housing Corporation (Century) and the Corporation for Supportive Housing (CSH) (collectively, Lenders). LACHIF makes below-market interest rate predevelopment and acquisition loans available to affordable housing developers through a revolving loan fund. Approval of these actions will increase the availability of funds for developers and the supply of affordable housing in Los Angeles County.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that this action is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action is not defined as a project under CEQA.
2. Approve the changes to LACHIF as described herein, and authorize the Executive Director or designee to execute all documents necessary to implement these changes to LACHIF.
3. Authorize the Executive Director or designee to negotiate, execute, and if necessary, amend, or reduce the loan agreements with the Lenders and all related documents necessary for the implementation of the changes to the LACHIF program, following approval as to form by County Counsel.

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

The purpose of this action is to authorize LACDA to extend the LACHIF program beyond the current expiration of September 9, 2027, increase the allowable area median income (AMI) to 80% for projects financed through the LACHIF program and enter into amended and restated loan agreements with the Lenders to reflect these programmatic changes to further encourage the development of affordable housing in Los Angeles County. These actions are intended to ensure the ongoing effectiveness and responsiveness of the LACHIF program in addressing the predevelopment and acquisition financing needs of affordable housing developers across Los Angeles County.

LACHIF was originally established by the Board in 2006, restructured in 2013, and again in 2019 to reflect changing market conditions and program goals. Since that time, the fund has funded nearly 275% of the original investment of \$20,000,000. In 2024, the Board approved an additional \$10,000,000 in funding, bringing the County's total investment to \$30,000,000.

Under the 2019 restructuring, LACHIF was given an eight-year term, ending on September 9, 2027. However, the program continues to be a critical tool in advancing the Board's affordable housing objectives. Removing the expiration date will ensure uninterrupted program operations and allow LACDA to continue deploying revolving loan funds in support of housing development without disruption.

Additionally, rising land and construction costs have led to an increase in mixed-income project structures as developers are incorporating units at higher AMI levels (above 60%) to offset project expenses. Allowing LACHIF to finance projects with units up to 80% AMI, without requiring case-by-case approvals, will enhance the program's responsiveness to current market conditions and prevent delays in the loan approval process.

Together, these recommended actions will strengthen LACHIF's ability to support a wider range of projects and ensure the County remains agile and effective in addressing the region's affordable housing needs.

## **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund. No new funding is being requested.

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

LACHIF was created to address a shortage of predevelopment and acquisition funding for affordable housing in Los Angeles County. LACHIF is a partnership between the LACDA and the Lenders, which are Community Development Financial Institutions (aka CDFIs). The Lenders originate and underwrite the LACHIF loans made to housing developers for acquisition and predevelopment activities.

The Board established the funding for LACHIF in 2006 with a \$20,000,000 allocation of County General Funds, and the program became operational in 2008. In 2013, the LACDA evaluated LACHIF and restructured the program to respond to the changing needs in the market. In 2019, after the LACDA conducted an extensive review of the program and market dynamics, a subsequent restructuring was implemented to further address the needs of the affordable housing development community. In 2024, the Board approved an additional \$10,000,000 allocation, bringing the total LACHIF fund to \$30,000,000.

Under the restructured program, LACHIF loans are made in an amount up to \$15,000,000 for acquisition and \$1,500,000 for predevelopment activities for affordable housing projects throughout Los Angeles County. Once a loan is approved for LACHIF participation, the Lender invests 75% for acquisition loans and 50% for predevelopment loans, and the LACDA provides the balance of the loan funding (25% and 50% respectively).

Since implementation of the 2019 restructuring, LACHIF has achieved a lifetime utilization of nearly 275% of the Board's original investment of \$20,000,000. With the additional \$10,000,000 in funding added to LACHIF in 2024, the lifetime utilization is over 180%. During its lifetime, LACHIF has disbursed over \$53 million in funding to leverage nearly \$190 million in loans for projects providing over 4,100 new affordable housing units.

### **ENVIRONMENTAL DOCUMENTATION**

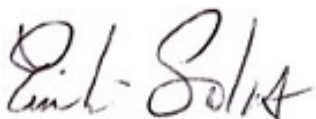
These actions are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as projects under CEQA and do not have the potential for causing a significant effect on the environment.

Each project funded under the LACHIF program requires environmental clearance on a project-by-project basis. Prior to funding any project, an Environmental Service Request will be submitted to LACDA's Environmental Services Unit for review and clearance in accordance with CEQA guidelines.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Extending the LACHIF program and increasing the allowable area median income will provide a means to ensure that LACHIF continues to meet the acquisition and predevelopment financing needs of affordable housing developers and thereby increase the number of affordable housing units constructed throughout Los Angeles County.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas".

Emilio Salas

Executive Director

ES:LK:NS