December 02, 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:

APPROVAL OF FUNDING FOR A MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT LOCATED IN THE CITY OF LOS ANGELES
(DISTRICT 1) (3 VOTES)

SUBJECT

This letter recommends that the Board approve a loan totaling up to $5,950,000 in No Place Like Home (NPLH) funding for the development of Estrella Azul, an affordable multifamily rental housing development selected through the Notice of Funding Availability (NOFA) Round 30, issued by the Los Angeles County Development Authority (LACDA).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that approval of funding for the project is not subject to the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.

2. Approve a loan to Estrella Azul, L.P. using up to a total of $5,950,000 in NPLH funds.

3. Authorize the Executive Director or designee to negotiate, execute, and if necessary, amend, or reduce the loan agreement with Estrella Azul, L.P. 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 the development, following approval as to form by County Counsel.

4. Authorize the Executive Director or designee to incorporate, as needed, up to $5,950,000 in NPLH funds into the LACDA's approved Fiscal Year 2025-2026 budget for the purposes described herein.

5. 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

Estrella Azul is an affordable multifamily rental housing development that will provide a total of 80 housing units, comprised of 35 units for homeless households living with a mental illness, 30 units for homeless households, 14 units for chronically homeless households, and an onsite manager's unit.

Approval is requested to ensure that the project can meet upcoming deadlines.

FISCAL IMPACT/FINANCING

The recommended loan to Estrella Azul, L.P. will provide a total of up to $5,950,000 in NPLH funds. This amount will be incorporated into the LACDA's approved Fiscal Year 2025-2026 budget for the purposes described herein.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 27, 2023, the LACDA issued NOFA Round 30, which offered a total of $140 million in NPLH and $20 million AHTF funds. A total of 35 applications were submitted, seeking more than $200 million in funding.

Projects were scored based on the total number of points awarded during both Technical Review and results of the appeal process. Final scores and the order in which applications were submitted during the second application period were used to determine the order of project awards. A total of 23 projects were recommended for funding.

On October 8, 2024, the Board approved nine of the recommended projects from NOFA 30, and on October 14, 2025, the Board approved an additional six projects. We are now recommending the approval of the Estrella Azul project.

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 project included in this action will leverage approximately $55 million in additional external funding sources.

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, as needed, with the recommended developer. Amendments may be necessary in a case 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 a case where the financing shows the maximum loan amount is not needed by the project. In this case, any loan reduction 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 the project's approved funding limit, in line with project needs, and within the requirements for each funding source.

ENVIRONMENTAL DOCUMENTATION

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 action 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:BL

Enclosures

ATTACHMENT A
NOFA 30
RECOMMENDED FUNDING ALLOCATIONS (December 2, 2025)

					NOFA 30		
Sup. Dist.	**Jurisdiction**	**Development/ Applicant**	**Type of Housing**	**Total Project Units**	**No Place Like Home (NPLH) Funds**	**Other Funding Resources**	**Total Development Cost**
1	Los Angeles	Estrella/ A Community of Friends	Special Needs	80	$5,950,000	$54,975,561	$60,925,561
			Totals	**80**	**5,950,000**	**$54,975,561**	**60,925,561**