AGN. NO.

MOTION BY SUPERVISOR HOLLY J. MITCHELL September 29, 2026

Preservation of Affordable Housing at Broadway Village 1 and Broadway Village 2 in the City of Los Angeles

Broadway Village 1 (BV1) and Broadway Village 2 (BV2) are affordable rental housing developments located at 7800 South Broadway and 5101 South Broadway, respectively, in the City of Los Angeles (collectively, the Projects). The Projects were originally developed by the same managing general partner, Deep Green Housing & Community Development (Deep Green), formerly known as Beyond Shelter Housing Development Corporation.

Between 2004 and 2005, the Los Angeles County Development Authority's (LACDA) predecessor-in-interest provided loans in the amounts of $467,500 and $1,500,000 to BV1 and BV2, respectively, for the development of the Projects. BV1, a 16-unit property, opened in 2004, and BV2, a 50-unit property, opened in 2006, collectively providing 65 units restricted to low-income families, along with one unrestricted manager's unit. As of August 31, 2026, the total combined outstanding loan balance, including principal and accrued interest, is $3,139,430.49.

Over the past several years, the Projects have experienced significant financial hardship, evidenced by elevated vacancy rates, aging accounts payable, and a substantial backlog of deferred maintenance and repairs. BV1, with only 16 units, is

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unable to operate sustainably. BV2 has at least seven vacant, uninhabitable units, representing 14 percent of the total units, due to unrepaired water damage caused by a broken boiler on the roof, and an additional eight units are vacant due to turnover and poor building conditions. Both Projects utilize the Health & Safety Code Rent Schedule, resulting in rents that are several hundred dollars below those allowed by other affordable housing programs, while operating expenses continue to exceed rental income.

In 2025, BV2's senior loan servicer, the California Community Reinvestment Corporation, acting on behalf of the loan purchaser, Freddie Mac, initiated default proceedings, citing borrower noncompliance with loan covenants requiring proper maintenance and upkeep of the property's physical conditions. To cure the default, the lender issued a payment demand for the outstanding loan amount (approximately $660,000) and subsequently exercised a claim on BV2's reserve funds to fully repay the loan.

Concurrently, BV1's senior lender filed a Notice of Default for delinquent loan payments. The lender is delaying further action while the borrower and lenders work toward a resolution.

Since the initiation of default proceedings, LACDA has coordinated with the two other public lenders for these Projects – the City of Los Angeles Housing Department (LAHD) and the California Department of Housing and Community Development (HCD) – to devise plans that will stabilize and preserve both developments. These plans include approval of a proposed transfer of ownership to a new borrower with the capacity and commitment to implement the workout plan, secure funding for immediate repair needs, and approve a revised rent schedule that will cover expenses and secure the combined projects as long-term affordable housing.

Deep Green identified Alliance Property Group, Inc. (APG), a developer experienced in preserving deed-restricted rental housing, as the proposed purchaser of their interest in the properties. Both LAHD and LACDA have satisfactory experience working with APG. APG has prepared and refined stabilization plans for the Projects that include robust, practical solutions to restore both BV1 and BV2 to stable operating conditions, including completing critical repairs to improve occupancy and combining the

Projects into a single “scattered site” development to benefit from economies of scale.

To implement this restructuring plan, LAHD is requesting authority to increase its loan to the Projects by $688,000, and HCD is requesting authority to increase its loan by $528,000. LACDA is requesting authority to increase its loan to the Projects by up to $384,000, using Condominium Conversion Funds. The additional funds from LACDA, HCD, and LAHD will enable the Projects to remain affordable, prevent displacement of residents, and ensure long-term financial feasibility. The allocation of funds between the three “soft” lenders is based on the allocations of the original project loans: 43 percent from LAHD, 33 percent from HCD, and 24 percent from LACDA.

Similar to the Metro Loma project in Glendale last year, the Projects will be part of the Portfolio Preservation Program (PPP), subject to the program’s terms and conditions regarding extension of affordability covenants, coordination with other soft lenders, prioritization of projects at risk of default, and rent restructuring focused on vacant units. PPP’s budget is scheduled to be presented to the Board in September, and this Project has a funding deadline to secure state resources necessary to complete rehabilitation work; therefore, staff is requesting approval at this time.

The amended and restated loan agreement and related documents will consolidate the original loans to BV1 and BV2 to recognize their restructuring into a single “scattered site” project, incorporate an extension of affordability restrictions to a new 55-year term, and contain provisions requiring the successor borrower 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 extended term of affordability enforced by a recorded regulatory agreement.

The proposed activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines Sections 15060(c)(3) and 15378(b), as they do not meet the definition of a project under CEQA and have no potential to result in a significant effect on the environment.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS, ALSO ACTING AS THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that approval of these directives is exempt from the provisions of the California Environmental Quality Act (CEQA) for the reasons stated in this motion and based on the record for the Broadway Village 1 (BV1) and Broadway Village 2 (BV2) projects, affordable rental housing developments located at 7800 South Broadway and 5101 South Broadway, respectively, in the City of Los Angeles (collectively, the Projects).
2. Authorize the Executive Director of the Los Angeles County Development Authority (LACDA) to incorporate up to $384,000 in Condominium Conversion Funds received by LACDA into LACDA's approved Fiscal Year 2026-2027 budget, or into future fiscal year budgets as needed.
3. Authorize the Executive Director of LACDA, or designee, to do the following: (a) negotiate and execute an amended and restated loan agreement with Alliance Property Group, Inc., or its LACDA-approved designee, to incorporate the additional funding of up to $384,000 into the Projects; (b) execute any and all related documents, including but not limited to subordination agreements, deeds of trust, intercreditor agreements, and new or amended covenants and restrictions, including a new 55-year affordability covenant; (c) restructure the Projects in the event either Project is further assigned, and negotiate and execute any necessary agreements for such restructuring; and (d) execute any amendments to the foregoing documents, including extensions of terms, reductions or forgiveness of accrued interest, or other changes needed to stabilize the Projects and protect the LACDA asset, or assign any of the foregoing documents to a LACDA approved assignee, all upon approval as to form by County Counsel.

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