

HOUSING AND HOMELESSNESS COMMITTEE REPORT relative to the acquisition analysis and execution of a new covenant agreement for the Hillside Villas Apartments located at 636 North Hill Place in Council District 1; and related matters.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing Department (LAHD), City Attorney, or designees, to execute the following agreements in substantial conformance with the terms described herein, for the Hillside Villa Apartments located at 636 North Hill Place:
 - a. Authorize the LAHD to enter into a new affordability covenant with the Owner of the Hillside Villa Apartments (Owner), in substantial conformance with the terms described herein; and, instruct the City Attorney to draft the covenants and any necessary documents to effectuate such agreement, in exchange for a payment not to exceed \$14,950,000. The covenants are for 106 units for 15 years, two months, through February 28, 2034, with the unit mix as outlined in the chart below:

Unit Size	Affordability	Number of Units	Total Units
1 bedroom	50 percent	3	36
2 bedroom	50 percent	28	
3 bedroom	50 percent	5	
1 bedroom	120 percent	11	70
2 bedroom	120 percent	51	
3 bedroom	120 percent	8	
Total:			106

- i. Retroactively reinstate and extend the term of Housing Development Grant (HDG) Loan CRA871015-003 (\$1,860,000 HDG Program loan) with 636 NHP, LLC, from the original end date of March 1, 2024 to a new end date of February 28, 2034. Amend loan to a zero percent interest forgivable Service Payback Loan forgivable in annual increments.
 - ii. Retroactively reinstate and extend the term of CRA Loan CRA871015-004 (\$3,585,300 CRA/LA loan) with 636 NHP, LLC, from the original end date of March 1, 2024 to a new end date of February 28, 2034. Amend loan to a one percent simple interest loan with a payment due annually, and a balloon payment of principal at the end of the term.
 - iii. Term No. 8 in the LAHD report dated April 12, 2024, attached to Council file No. 21-0600-S101, shall be amended to read as follows:

EXTENDED REPAYMENT PERIOD FOR COVID-RELATED **AND BACK** DEBT.

Additionally, a sentence shall be added to the end of that term that states:

The repayment period and any payments required under a repayment agreement shall not commence until six months after the effective date of this Agreement.

2. REQUEST the Controller to obligate and expend the Affordable Housing Linkage Fee (AHLF) funds to pay the Covenant Fee to the Owner as follows:

<u>Project Name</u>	<u>Fund No.</u>	<u>Account</u>	<u>Amount</u>
Hillside Villa Apartments	59T	43S723	\$1,249,773
Hillside Villa Apartments	59T	43S724	6,976,007
Hillside Villa Apartments	59T	43W723	1,866,967
Hillside Villa Apartments	59T	43W724	<u>4,857,253</u>
Total:			\$14,950,000

3. AUTHORIZE the LAHD to draw a demand warrant from the Linkage Fee Fund No. 59T, payable to Owner, or designee, as directed, in amount not to exceed \$14,950,000.
4. Authorize the General Manager, LAHD, to disburse up to \$14,950,000 from the AHLF fund to be deposited into escrow with an escrow company mutually acceptable to the City and Owner.
5. AUTHORIZE the LAHD, City Attorney, or designees, to make necessary technical adjustments, including additional Controller instructions, to implement Mayor and Council intent regarding this matter, subject to the approval of the City Administrative Officer; and, REQUEST the Controller to implement the instructions.

Fiscal Impact Statement: The LAHD reports that there is no impact on the General Fund.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on April 17, 2024, your Housing and Homelessness Committee considered a LAHD report relative to acquisition analysis and execution of a new covenant agreement for the Hillside Villas Apartments located at 636 North Hill Place in Council District 1; and related matters. LAHD staff provided an overview regarding the status of the matters and terms of the proposed agreements, and presented amended recommendations to replace the recommendations contained in the LAHD report dated April 12, 2024.

After discussion and providing an opportunity for public comment, the Committee recommended to approve the amended recommendations as stated into the record by the LAHD, as detailed above. This matter is now submitted to the Council for consideration.

Respectfully Submitted,

HOUSING AND HOMELESSNESS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
RAMAN:	YES
BLUMENFIELD:	YES
HARRIS-DAWSON:	ABSENT
RODRIGUEZ:	YES
LEE:	YES

LV 4.17.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-