

TRANSMITTAL

To: **THE COUNCIL**

Date: **06/16/23**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Chris Thompson", with a long horizontal flourish extending to the right.

(Chris Thompson for)

KAREN BASS
Mayor

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



Karen Bass, Mayor

May 30, 2023

LOS ANGELES HOUSING DEPARTMENT
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808
housing.lacity.org

Council File: NEW
Council District: 1
Contact Persons: Steven Swede (213) 808-8664
Ashley Atkinson (213) 505-1631

Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR LOAN RESTRUCTURE FOR ANGELINA APARTMENTS

SUMMARY

Through this transmittal, the Los Angeles Housing Department (LAHD) seeks authority to amend the loan agreements for Angelina Apartments (Project), an affordable housing development owned and managed by Angelina Apartments, LP (Partnership). The Partnership is seeking refinancing with Local Initiatives Support Corporation (LISC) in order to pay out exiting partners in the transaction. In exchange, the affordability restriction for Angelina Apartments will be extended from September 24, 2047 to June 30, 2070. LAHD requests that the City Council approve the following recommendations to facilitate this project's refinance.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward it to City Council for action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. INSTRUCT the City Attorney to prepare all necessary documents, including but not limited to a renewal and modification of a loan agreement (and/or amendments and restatements of any necessary documents) to preserve and support an affordable housing project on the property located at 1300-1336 W Angelina St., Los Angeles, CA, 90026; and,

- B. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute all documents required for the affordable housing project at 1300-1336 W Angelina St., Los Angeles, CA, 90026, per the terms set forth herein.

BACKGROUND

Angelina Apartments (Project) is an 82-unit affordable building located at 1300 W Angelina St. in the Echo Park neighborhood of Council District 1. It serves low-income households and includes an on-site preschool. The Project received various loans from the City for construction and completion of energy efficient retrofits.

The Project is led by Little Tokyo Service Center Community Development Corporation (LTSC) with two partners, Franklin Apartments, Inc. and CC Tan Martial Arts Center, LLC. Franklin Apartments and CC Tan Martial Arts Center will exit the Partnership and LTSC will purchase their partnership interest for \$2,268,468. In order to pay out the exiting partners, LTSC sought a refinance and has identified LISC as its lender. LISC has provided a letter of intent to lend \$2,555,000 to the Project provided that certain conditions are met. In order for LTSC to meet those conditions, LAHD needs to subordinate its deed of trust to LISC, and extend the maturity dates of the loans past the LISC loan maturity date. There is a July 21, 2023 deadline for this transaction to close.

REQUEST

LAHD is requesting authority to allow the borrower to obtain new financing to pay out the exiting partners; to extend the term of the affordability restrictions from the original maturity date of September 24, 2047 to June 30, 2070; and to restrict the units to the affordability as follows:

- (5) 2-bedroom units at 35% AMI
- (19) 2-bedroom units at 50% AMI
- (7) 3-bedroom units at 35% AMI
- (32) 3-bedroom units at 50% AMI
- (4) 4-bedroom units at 35% AMI
- (15) 4-bedroom units at 50% AMI

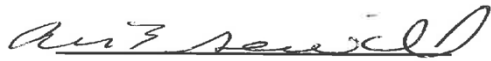
All LAHD loan agreements will also be extended to be coterminous with the LAHD regulatory agreement. LAHD further requests to modify the loan definitions to reflect current LAHD practices, so that the appropriate expenses can be accounted for in annual fiscal review. This will allow for services, preschool expenses, and other fees to be included in the residual receipts calculation. The proposed changes to the existing LAHD terms are as follows:

- Extend the term of the loan agreements to mature on June 30, 2070;
- Modify loan definitions to include Supportive Services and related items; and
- Modify the loan agreements for other technical adjustments in alignment with current LAHD underwriting guidelines.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

A handwritten signature in black ink, appearing to read "Ann Sewill". The signature is written in a cursive style with a prominent loop at the end.

ANN SEWILL

General Manager

Los Angeles Housing Department