RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., IN ITS CAPACITY AS THE SOLE MEMBER OF LOMOD RHC I, LLC, A SINGLE PURPOSE ENTITY, TO ENTER INTO ROSE HILL COURTS I HOUSING PARTNERS, L.P. AS THE MANAGING GENERAL PARTNER, AND AUTHORIZING AND APPROVING THE EXECUTION BY THE PRESIDENT, OR HER DESIGNEE, OF THE FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THERewith

Tina Smith-Booth  
President

Lissette Belon  
Secretary

Purpose: Approve and adopt the Resolution authorizing the President of La Cienega LOMOD, Inc., a California nonprofit public benefit corporation ("La Cienega") in its capacity as the sole member of LOMOD RHC I, LLC ("LOMOD/RHC I"), a single purpose entity, to enter into the Rose Hill Courts I Housing Partners, L.P. as the Managing General Partner by executing a First Amended and Restated Limited Partnership Agreement ("FALPA"). Inclusion of LOMOD/RHC I into the partnership is necessary for the State of California's Housing and Community Development Department ("HCD") to begin drafting the Standard Agreements for the $20,186,958 Affordable Housing & Sustainable Communities ("AHSC") funding award that the Rose Hill Courts Phase I Project ("Project") received in July 2020. Authorize the Authorized Representatives or their designees to negotiate such changes as necessary, all as approved by in-house legal counsel and outside legal counsel.

Regarding: On November 20, 2014, by Resolution 9171, the Housing Authority of the City of Los Angeles (the "Authority" or "HACLA") Board of Commissioners ("BOC") authorized the President and CEO to award an Exclusive Right to Negotiate an MOU between HACLA and Related CA, for a period of ninety (90) days in accordance with the RFQ for the Rose Hill Courts Project to define the terms and conditions under which Related would perform the scope of work.

On November 26, 2019, by Resolution 9543, the BOC certified the Environmental Impact Report ("EIR") prepared in full compliance with the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines for the teardown of the existing 100-unit Rose Hill Courts public housing site and its redevelopment into 185 units with supporting amenities. Further, the BOC adopted the Mitigation Monitoring and Reporting Program (MMRP) and approved the Project.

On January 23, 2020, by Resolution 9568, the BOC authorized the President & CEO to enter into a Disposition and Development Agreement ("DDA"), a long term Ground Lease, and Predevelopment Loan documents with both Rose Hill Courts I Housing Partners, L.P. and Rose Hill Courts II Housing Partners, L.P. (the "Developers" or "Owners") for the development of an 89-unit affordable housing residential development in Phase I of the Rose Hill Courts redevelopment and a
96-unit affordable housing residential development in Phase II of the Rose Hill Courts redevelopment, respectively.

On August 27, 2020, by Resolution 9623, the BOC authorize the President and CEO to enter into a First Amendment to the DDA to provide up to an additional $3,350,000 for a total maximum gap funding amount of $8,350,000 to Rose Hill Courts I Housing Partners, L.P for the Project to address the funding shortfall caused by current economic conditions and increased cost estimates prior to applying to the third round of FY2020 CTCAC/CDLAC.

**Issues:**

The Project is expected to be constructed on approximately 1.79-acres of land located at the northeastern corner of the 5.24-acre Rose Hill Courts public housing site owned by HACLA.

The Project is the first phase of a two-phase redevelopment. Both phases together will require the demolition of 15 existing structures and construction of a total of 185 residential housing units (183 affordable housing units onsite plus two market-rate managers' units). At build-out, the redevelopment will include 88 one-bedroom units, 59 two-bedroom units, 30 three-bedroom units, and 8 four-bedroom units, a 6,300 square-foot Management Office/Community Building and a "Central Park" green space, creating a park-like setting for residents. Ample open space and recreational amenities will be incorporated to promote continued community outdoor use such as outdoor communal space with shaded seating and grills, children's play areas, paved surfaces, and several courtyards. The redevelopment would provide a total of 174 parking spaces onsite, with at-grade and tuck-under parking; upgraded lighting, fencing, signage, and security features; and storm drain and utility improvements. The new sustainably designed buildings including solar panels would be energy efficient and the landscaping would include water-efficient irrigation. Upon completion, the redevelopment will contribute to the health, welfare and economic vitality of the Rose Hill and El Sereno Courts communities through the creation of high quality replacement housing units, quality prevailing wage construction jobs for residents of the local community, as well as permanent jobs within the development.

The Authority and Developer have been working closely to implement the vision of a redeveloped Rose Hill Courts since BOC approval of all deal terms and legal documents in January 2020. The Developer has progressed significantly in finalizing its construction drawings, and has submitted for the building permit, demolition permit, grading and retaining wall permit among other City permits necessary to start construction. In September 2020, HACLA received Section 18 demolition and disposal approval from HUD for 89 units and in October 2020, entered into a Converting Awaiting Transfer ("CAT") agreement for the early demolition and conversion of 7 vacant RAD units located in the Phase I footprint. In October 2020, HACLA executed a contract with Resources Environmental Inc. to begin the abatement and demolition of Phase I. Demolition is scheduled to begin once relocations are complete. The Authority has selected Overland, Pacific & Cutler, LLC a Relocation Consultant, for the implementation of the Relocation Plan. The Financing Plan for the Project has progressed as per schedule and the Project was successful in receiving the Infill Infrastructure Grant (IIG) Program of 2019.
Large Jurisdiction award in the amount of $3,519,300 and the 2018-2019 Round 5 Affordable Housing and Sustainable Communities (AHSC) Program award for $20,186,958; of which $12,000,000 was awarded for affordable housing. The only remaining competitive funding that the Project will need in order to achieve financial closing are the Tax Exempt Bond financing and the 4% Low income Housing Tax Credits award ("LIHTC").

The Developer expects to achieve financial construction closing by mid-2021, subject to receiving the Bond financing and LIHTC award. Construction will commence soon thereafter and is projected to be completed within 24 months.

*Developer/ Ownership*

The current General Partner of Rose Hill Courts I Housing Partners, L.P. is Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, whose members are The Related Companies of California, LLC, a California limited liability company and Related Futures, LLC, a California limited liability company. The current limited partner is The Nicholas Company, Inc., a Delaware corporation, with a 99.99% Interest in the Limited Partnership.

In order for HCD to begin drafting the Standard Agreements for the AHSC funding award, it is necessary for La Cienega to join the Limited Partnership now. After executing the FALPA, LOMOD/RHC I will be admitted to the Partnership as the Managing General Partner (.0050% ownership share) and Related/Rose Hill Courts I Development Co., LLC will take on the role of the Administrative General Partner ("AGP") (.0050% ownership share).

The Limited Partner will be substituted with a tax credit investor upon closing of the construction financing for the transaction and the execution of a Second Amended and Restated Limited Partnership Agreement ("SLPA").

*Role as the MPG/Deal structure*

As per the terms of the BOC approved DDA, after the construction finance closing, as the MGP, LOMOD/RHC I will perform those responsibilities required by the State Board of Equalization ("SBOE") to maintain the property tax welfare exemption for the Project and other responsibilities, as provided in the FALPA. Remaining Partnership responsibilities will be performed by the AGP or will be delegated to the AGP by the MGP under the supervision of the MGP as required by the SBOE.

The MGP shall receive 15% of the Developer Fee. The Developer Fee shall be the maximum allowed by TCAC subject to any limits imposed by the applicable funding sources. Any Deferred Developer Fee payable from Net Cash Flow shall bear interest at an annual rate of one-half percent (0.5%). After the Deferred Developer Fee is paid in full, the MGP will receive 100% of Net Cash Flow until it receives $312,500.

The MGP shall receive annual Partnership Management Fees starting at $5,000 from Cash Flow increased annually by CPI.
Of the remaining Net Cash Flow payable to the General Partners, after the payment of annual Partnership Management Fees, the MGP shall receive 25%.

The MGP shall receive 50% of Net Sale Proceeds from any Capital Event.

For thirty-six months starting at end of 15-year tax credit compliance period, HACLA and the AGP for each Phase will have a Purchase Option to acquire the Development. The Purchase Option price will be greater of (i) fair market value of the Development or the Investor’s partnership interest and (ii) the debt encumbering the Development, plus the tax liability of the Investor resulting from the sale. If HACLA and the AGP both elect to exercise the Purchase Option, they will jointly participate in the purchase and any subsequent re-syndication of the Development, as further described in the DDA; if HACLA or the AGP elects to exercise the Purchase Option and the other does not, the party electing to exercise the option may purchase the Development or the Investor’s partnership interest on its own. After expiration of the option term, HACLA or the MGP will have a right of first refusal ("ROFR") for one year. Under the ROFR, HACLA would have the choice to acquire the property if the Developer receives a Bona Fide Offer which the Developer is prepared to accept in accordance with the Limited Partnership Agreement.

While LOMOD/RHC I is the MGP of the Partnership, it will not provide any development or operational guarantees to any lender or investor. Guarantees are borne solely by the AGP and its affiliates.

The President seeks Board of Directors’ ("BOD") authorization to enter into the FALPA, provided it is aligned with the material deal points set forth in this Board report, and subject to legal counsel approval. The requested action will enable the Partnership to complete the negotiations with HCD on the Standard Agreements and assist with the prompt closing of the Project within the prescribed timeframes of the various funders.

Prior to the financing/development closing for the Project, the BOD will be asked to approve the SALPA and other evidentiary documents including bond documents and Lender and Investor documents related to the Project and required of the MGP.

**Funding:** No Funding is required for this action.

**CEQA:**

No further environmental review is required for the recommended actions because based on the project record there has been no change to the Rose Hill Courts Redevelopment or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines sections 15162, 15163 and 15164.

**NEPA:**

Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department ("HCIDLA"), serves as the environmentally responsible entity in preparation of the Final Environmental Impact Statement for the Rose Hill Courts Redevelopment Project. HCIDLA issued a Record of Decision
on January 24, 2020 and submitted a Request for Release of Funds to HUD on February 8, 2020. On March 9, 2020, the U.S. Department of Housing and Urban Development's Los Angeles Office of Public Housing issued approval of the City of Los Angeles' Environmental Certification.

Section 3: The Developer will comply with Section 3 requirements and ensure that employment and other economic opportunities generated by the HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward qualified low and very low-income persons, and to business concerns which provide economic opportunities to low and very low-income persons and will comply with the implementing regulations at 24 CFR Part 135 as well as the terms negotiated in the operative agreements herein. The Developer will set aside at least thirty percent (30%) of all new predevelopment, construction and post-construction jobs generated by the re-syndication first for current residents of Rose Hill Courts, second to qualified Section 3 residents of the North East Los Angeles neighborhood, third to participants in HUD’s Youthbuild programs in the City of Los Angeles, and fourth to residents of the City of Los Angeles who meet Section 3 eligibility requirements. Furthermore, the Partnerships will strive to provide at least ten percent (10%) of all construction work hours to Section 3 Residents according to the hiring priorities set forth above. A Construction and Post-Construction Section 3 Hiring Plan will be submitted to the Authority prior to commencement of activities for review and approval. The Hiring Plan will discuss strategies and investments that will assist in enabling their contractors and consultants to hire and train Section 3 residents during the construction and post-construction stages.

Attachments:
1. Resolution
2. Rose Hill Courts Phase I Site Plan and Renderings
3. Organization Chart for Rose Hill Courts I Housing Partners, L.P
RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., IN ITS CAPACITY AS THE SOLE MEMBER OF LOMOD RHC I, LLC, A SINGLE PURPOSE ENTITY, TO ENTER INTO ROSE HILL COURTS I HOUSING PARTNERS, L.P. AS THE MANAGING GENERAL PARTNER; AUTHORIZING AND APPROVING THE EXECUTION BY THE PRESIDENT, OR HER DESIGNEE, OF THE FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, at a duly constituted meeting held on December 17, 2020, the following determinations were adopted by the Board of Directors (the “Board”) of La Cienega LOMOD, Inc. ("La Cienega");

WHEREAS, La Cienega) is an instrumentality of the Housing Authority of the City of Los Angeles (the “Authority”) and a nonprofit public benefit corporation duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Nonprofit Public Benefit Corporation Law, consisting of Part 2 of Division 2 of Title 1 of the California Corporations Code (the "Act");

WHEREAS, the Act authorizes La Cienega to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

WHEREAS, the Housing Authority of the City of Los Angeles ("Authority") intends to transform the Rose Hill Courts public housing community into a mixed-income, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions;

WHEREAS, on January 23, 2020, the Authority's President and CEO executed a Disposition and Development Agreement ("DDA") with Rose Hill Courts I Housing Partners, L.P., (the “Developer”) for the redevelopment of Phase I of Rose Hill Courts (the "Project");

WHEREAS, the redevelopment is comprised of two Phases with Phase I containing 89 units in two four-story elevator buildings with flats, that will provide the maximum level of accessibility for the existing tenant population and with Phase II containing 96 units that step-down in massing (i.e., perceived scale) and height to provide a residential scale appropriate for the adjacent land uses, and developed as 2 and 3 story buildings;

WHEREAS, the Authority and the Developer have been working to implement the Project through financial applications, completion of construction drawings, applications to HUD for Section 18 approval and submission for various City permits;

WHEREAS, the Developer has been successful in receiving the Infill Infrastructure Grant (IIG) Program of 2019 Large Jurisdiction award in the amount of $3,519,300 and the 2018-2019 Round 5 Affordable Housing and Sustainable Communities (AHSC) Program award for $20,186,958 of which $12,000,000 was awarded for affordable housing development;
WHEREAS, the Developer applied for tax credits and tax exempt bonds in September 2020;

WHEREAS, the Authority and the Developer have determined that LOMOD RHC I, LLC ("LOMOD/RHC I"), a Single Purpose Entity with La Cienega as the Sole Member, will serve as the Managing General Partner ("MGP") of the Project;

WHEREAS, in order for the State of California's Housing and Community Development Department ("HCD") to begin drafting the Standard Agreements for the AHSC funding award and to complete negotiations with HCD to enable achieving closing of the Project within the prescribed timeframes, it is necessary for LOMOD/RHC I to join the Limited Partnership now;

WHEREAS, LOMOD/RHC I will execute the First Amended and Restated Limited Partnership Agreement ("FALPA ") in advance of the financial closing;

WHEREAS, the Authority and the Developer have agreed that Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, will be the Administrative General Partner ("AGP"), and a tax credit equity investor will be admitted to the Limited Partnership as the Investor Limited Partner ("ILP") of the Project at the construction financing closing and all partners will execute a Second Amended and Restated Limited Partnership Agreement ("SALPA");

WHEREAS, La Cienega will serve as the MGP of the Project and perform those responsibilities required by the State Board of Equalization ("SBOE") to obtain and maintain the Project's property tax welfare exemption and as otherwise provided in the FALPA and may delegate other Partnership responsibilities to the AGP; and

WHEREAS, Authority staff will return to the Board of Directors of La Cienega to approve the execution of any additional financing and ownership documents, including the SALPA, adding the equity investor, and the execution of any documents, certificates and agreements related to the Project in order to consummate the successful financial and construction closing of the Project.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of La Cienega does hereby authorize and approve as follows:

The President, the Secretary or the Treasurer or La Cienega (collectively, the "Authorized Representatives") and each of their respective designees, are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all financing or ownership documents, including the First Amended and Restated Limited Partnership Agreement adding LOMOD RHC I, LLC as the MGP, all with such changes as approved by legal counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions heretofore taken by the officers, employees, attorneys and agents of La Cienega with respect to the Project transactions are hereby approved and ratified, and the Authorized Representatives of La Cienega and the authorized deputies and employees of La Cienega, and each of them, are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or legal counsel may deem necessary or advisable to consummate the development
and financing of the Project and to otherwise effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the La Cienega Board of Directors.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:  
JAMES JOHNSON

BY: __________________________
   GENERAL COUNSEL

LA CIENEGA LOMOD, INC.

BY: __________________________
   CHAIR

DATE ADOPTED: __________________________
Rose Hill Courts Phase I - Site Plan
View of Building A (facing Florizel and McKenzie)
Interior Renderings

Lobby Area/Reception in Building A

Community Room in Building A

Mailroom/Lobby in Building B
ORGANIZATIONAL CHART FOR ROSE HILL COURTS I HOUSING PARTNERS, L.P.

Rose Hill Courts I Housing Partners, L.P.,
a California limited partnership
Tax ID: 84-4319372

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company
Administrative General Partner
0.005% Percentage Interest

LOMOD RHC I, LLC, a California limited liability company
Managing General Partner
0.005% Percentage Interest

The Nicholas Company, Inc., a Delaware corporation
PH Limited Partner
99.99% Percentage Interest

The Related Companies of California, LLC, a California limited liability company
Its Member
90% Interest

Related Futures, LLC, a California limited liability company
Its Member
10% Interest

La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
Its Sole Member and Manager

William A. Witte
Its Sole Shareholder and President