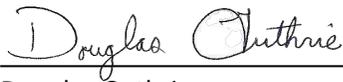


Report of the President & CEO

April 22, 2021

RESOLUTION AUTHORIZING DEDICATION OF FORTY-FIVE (45) SECTION 8 PROJECT-BASED VOUCHERS TO JORDAN DOWNS PHASE H2-A REDEVELOPMENT PROJECT PURSUANT TO PROVISIONS IN THE HOUSING OPPORTUNITIES THROUGH MODERNIZATION ACT OF 2016 AND AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE ANY AND ALL CONTRACTS/DOCUMENTS REQUIRED FOR DEDICATION OF THE VOUCHERS



Douglas Guthrie
President and CEO



Carlos VanNatter
Director, Section 8



Geoffrey Moen
Director, Development Services

Purpose: To provide forty-five (45) project-based vouchers (“PBVs”) to the Jordan Downs Phase H2-a redevelopment project (the “Project”) pursuant to the Housing Opportunities Through Modernization Act of 2016 (“HOTMA”). The provision of PBVs lends needed operating subsidy and leverage to the development partnership, Jordan Downs 3, LP (the “Owner” or “Partnership”), and provides the opportunity to include replacement housing units for Jordan Downs public housing residents and additional methods to provide deeper affordability on a percentage of non-replacement units in the Project.

The Project, comprised of seventy-six (76) units will be developed on a 1.2 acre parcel located between 99th and 97th Street, adjacent to the Phase 1A and Laurel Street, directly west of the new Freedom Plaza retail center (see Attachment).

Regarding: On June 28, 2012, by Resolution 8969, HACLA’s Board of Commissioners (“BOC”) unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of the BRIDGE Housing Corporation (“BRIDGE”) and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012 and subsequently amended with Board approval on December 22, 2016, by Resolution No. 9327 and on April 28, 2016, by Resolution No.9282.

On December 17, 2020, by Resolution 9670, the BOC adopted an updated Administrative Plan for Section 8, incorporating new HOTMA standards that allow HACLA to non-competitively award project-based vouchers to developments where HACLA is both an owner of the underlying fee title and where Section 9 public housing units are incorporated or are being converted.

Issues:

Background

HACLA desires to continue to transform the Jordan Downs public housing community into an environmentally friendly, vibrant, urban village, conducive to healthy living and economically progressive conditions. The redevelopment plan for Jordan Downs is intended to ignite a renewal in the greater South Los Angeles community. HACLA initiated a long-range plan to redevelop Jordan Downs in 2008. These efforts included acquiring an adjacent site, establishing the Jordan Downs Community Advisory Committee in 2008, and preparing a Community-Based Master Plan in 2009, which ultimately led to the drafting and adoption of a Specific Plan and Environmental Impact Report (“EIR”) in 2011.

Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. This collaboration has involved creating a site plan and architectural studies and pursuing competitive and non-competitive financing for each phase. Phase 1A was completed by BRIDGE, delivered 115 apartment units to the community and is now 100% occupied. Michaels completed Phase 1B, a 135-unit residential development in October 2020 which is currently in its leasing phase, with 92% occupancy, and expected full occupancy by April 2021. Area H, an 80-unit residential development and Phase S3, a 93-unit residential development are under construction with tentative completion projected in November 2021 and March 2022 respectively. Phase S2 is in the demolition phase with an expected construction start date of mid-May 2021 and completion in March 2023.

In addition to the affordable housing phases, Primestor’s Phase 1C commercial development, Freedom Plaza, a 115,000 square foot commercial retail shopping center, was completed in November 2019. It is currently 93% leased up with a variety of tenants which serve Jordan Downs residents and the larger Watts community.

PBV Authority:

On October 30, 2017, the United States Department of Housing and Urban Development (“HUD”) issued Notice PIH 2017-21 which provided guidance to public housing agencies (“PHAs”) regarding changes to the Project-Based Voucher program made by HOTMA. HOTMA section 8(o)(13) (N) allows a PHA to attach PBV assistance to units in a project in which the PHA has an ownership interest or over which the PHA has control without following a competitive process. In order to exercise this authority, the PHA must be engaged in an initiative to improve, develop, or replace a public housing property or sites. Attachment L to PIH Notice 2017-21 and HACLA’s Section 8 Administrative Plan describe the conditions for a non-competitive award. The following conditions must be met:

- (a) The PHA must be engaged in an initiative to improve, develop, or replace the public housing properties or sites. The public housing properties or sites may be in the public housing inventory or they may have been removed from the public housing inventory through any available legal removal within 5 years of the date on which the PHA entered into the AHAP or HAP pursuant to the non-competitive selection.
- (b) A minimum threshold of \$25,000 in hard costs per-unit is required for new construction.
- (c) The PHA must explain in its Administrative Plan the work it plans to do on the property or site and how many units of PBVs it plans to add.

The Project meets the criteria to receive a non-competitive award of PBV assistance because (i) HACLA is the ground lessor under the Ground Lease and through one of its instrumentalities will participate in the ownership of buildings/improvements on site, (ii) HACLA is engaged in the replacement of public housing units at the Project property, with 39 of the 76 units designated as public housing replacement units and (iii) the per-unit construction hard costs for the Project are greater than \$25,000. In addition, the commitment of PBVs as a source of subsidy for replacement and non-replacement units is included in the current Section 8 Administrative Plan.

This report recommends dedicating forty-five (45) Section 8 PBVs to Phase H2-a. This will include thirty (30) PBVs for replacement units and an additional fifteen (15) PBVs for non-replacement units, which will assist in creating deeper affordability through low-income housing tax credits. The balance of the units on site include nine (9) RAD replacement units, eight (8) tax-credit only non-replacement units and fourteen (14) market-rate non-replacement units, which includes one manager's unit. All replacement and non-replacement units will have access to onsite supportive services which will meet Section 8's normal requirement for supportive services and reaching households at or below 50% AMI. Although HACLA will request Tenant Protection Vouchers from HUD, residents will be given the choice of taking those vouchers off-site or returning to the Project. Therefore, in order to expedite the Project's reasonable assumptions of rental income received from vouchers and expedite delivery of units, staff recommends that the award of PBVs be made to the Owner of the Project.

*Developer/
Ownership*

Pursuant to the MDA, Jordan Downs Community Partners, LLC has assigned its rights and obligations to develop and own Phase H2-a to Jordan Downs 3, LP, a California limited Partnership. The current General Partner of the Partnership is JD Housing 3, LLC, a California limited liability company, whose manager is BRIDGE Housing Corporation. If approved by its Board of Directors, La Cienega LOMOD, Inc., a California nonprofit public benefit corporation ("La Cienega"), or another instrumentality of HACLA, will be admitted into the Partnership as the Managing General Partner (.0049% ownership share) and JD Housing 3, LLC will be admitted to the Partnership as the Administrative General Partner (.0051% ownership share).

Vision Plan: **PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.**

The development of Phase H2-a will allow for the construction of 76 new housing units. This will include fifty-four (54) replacement units. This development will further HACLA's goals of improving its affordable housing stock as well as improved ADA-compliant, modern, sustainably designed, and amenitized units. This action will help HACLA extend the life of critical, deeply affordable housing in the City of Los Angeles to serve existing public housing residents and future income-qualified households from HACLA's active public housing and Section 8 wait lists as well as the community of Watts.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: PBVs are a component of HACLA's Annual Contribution Contract ("ACC") with HUD for the Housing Choice Voucher program.

Budget and Program Impact: Use of PBVs is an effective approach to maintain deeply affordable housing in public housing conversion projects and provides needed operating subsidy to address the extraordinary costs associated with maintaining significant new infrastructure and open space improvements as well as providing extensive social services. The use of HACLA resources to support the preservation and expansion of affordable housing is aligned with the HACLA's budget and program goals.

Environmental Review:

CEQA: The City of Los Angeles is the lead agency for the Jordan Downs Redevelopment for purposes of the California Environmental Quality Act ("CEQA"). The City of Los Angeles, acting through its Planning Department, approved a larger project under the Jordan Downs Urban Village Specific Plan (1,800 residential units; up to 250,000 square feet of commercial/retail/office plus up to 20,000 square feet of community-service retail and services in mixed use buildings; a network of parks totaling 8.9 acres; and new community facilities), and its associated Environmental Impact Report ("EIR") and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the EIR were prepared on January 11, 2016 and April 4, 2016 respectively to address additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment. On April 14, 2016, the City Planning Commission found based on the whole of the administrative record that no subsequent or supplemental EIR or negative declaration was required. The Phase H2-a redevelopment as contemplated in the current conceptual plans provided to HACLA is consistent with the Specific Plan and its Amendment (CPC-2015-3990-GPA-ZC-SP). However, the final plans will be reviewed by the BOC at such time as it considers the Ground Lease and Disposition and Development Agreement and a final design and construction drawings are complete to ensure consistency. Phase H2-a will be subject to the imposition of various measures contained in the Specific Plan's conditions of approval, including Mitigation Monitoring.

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 Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016, HUD's Field Office Director issued approval of HACLA's Request for Release of Funds and Environmental Certification.

Section 3:

The Owner will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Owner and their General Contractor will require the use of best efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD's Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Owner and their General Contractor shall strive and use best efforts to set aside at least ten percent (10%)

of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Owner is committed to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

Attachments:

1. Resolution
2. Site Map

RESOLUTION NO. _____

RESOLUTION AUTHORIZING DEDICATION OF FORTY-FIVE (45) SECTION 8 PROJECT-BASED VOUCHERS TO JORDAN DOWNS PHASE H2-A REDEVELOPMENT PROJECT PURSUANT TO PROVISIONS IN THE HOUSING OPPORTUNITIES THROUGH MODERNIZATION ACT OF 2016 AND AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE ANY AND ALL CONTRACTS/DOCUMENTS REQUIRED FOR DEDICATION OF THE VOUCHERS

WHEREAS, on October 30, 2017, the Department of Housing and Urban Development issued Notice PIH 2017-21 provided guidance to public housing agencies (PHAs) regarding changes to the Project-Based Voucher (“PBV”) program made by the Housing Opportunity Through Modernization Act of 2016 (“HOTMA”);

WHEREAS, HACL A and Jordan Downs 3, LP (“Partnership”), desire to develop seventy-six (76) apartments on a 1.2 acre parcel, located at 2250 97th Street Los Angeles Ca 90002, known as the Jordan Downs Phase H2a project (the “Project”);

WHEREAS, all residential units (other than the manager’s unit) will be restricted for occupancy by households of moderate, low, very low and extremely low-income;

WHEREAS, an award of forty-five (45) project-based vouchers to the Project will provide deeper affordability with thirty (30) replacement units and fifteen (15) non-replacement units at Jordan Downs; and

WHEREAS, the Project meets the conditions and requirements described in HUD Notice PIH-2017-21 Attachment L for awarding project-based vouchers to certain PHA projects where the PHA has an ownership interest, is engaged in an initiative to improve, develop, or replace the public housing properties or sites and the minimum threshold of \$25,000 in hard costs per-unit is met with respect to new construction as defined under Attachment L without following a competitive process.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the President and CEO, or designee, to execute any and all contracts or related documents as approved by legal counsel, required for the project based voucher program and approves the dedication of forty-five (45) project-based vouchers to the Project.

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

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Cielo Castro, Acting Chairperson

APPROVED AS TO FORM:

BY: _____
General Counsel

DATE ADOPTED: _____

ATTACHMENT 2
SITE MAP

JORDAN DOWNS SITE MAP

