

REPORT OF THE PRESIDENT

March 31, 2022

RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., IN ITS CAPACITY AS THE MANAGING GENERAL PARTNER OF JORDAN DOWNS PHASE S4, LP, TO ACCEPT STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MULTIFAMILY HOUSING PROGRAM LOAN FUNDING IN AN AMOUNT NOT TO EXCEED \$17,000,000, AND TO ENTER A STANDARD AGREEMENT AND VARIOUS NOTES, COVENANTS, AND AGREEMENTS IN CONNECTION THEREWITH, AND FURTHER AUTHORIZING THE PRESIDENT, SECRETARY, AND TREASURER TO EXECUTE ALL DOCUMENTS AND UNDERTAKE ALL ACTIONS NECESSARY TO EFFECUTATE THESE PURPOSES



Tina Booth
President



Lisette Belon
Secretary

Purpose: Approve and adopt this Resolution authorizing La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“La Cienega”), in its capacity as the Managing General Partner (“MGP”) of the Jordan Downs Phase S4, L.P., a California limited partnership (the “Partnership”), to accept State of California, Department of Housing and Community Development (“HCD”) Multifamily Housing Program (“MHP”) Loan Funding in an amount not to exceed \$17,000,000 (“MHP Loan”), and to enter a State of California Standard Agreement (“Standard Agreement”) and various documents in connection with the MHP Loan, including but not limited to, a promissory note, deed of trust and security agreement, regulatory agreement, development agreement, related amendments, and various other documents in connection therewith (collectively, the “MHP Loan Documents”), and authorizing the President, Secretary, and Treasurer to execute all documents and undertake all actions necessary to effectuate these purposes.

Regarding: On June 28, 2012 by Resolution 8969, the Housing Authority of the City of Los Angeles (“HACLA”) Board of Commissioners unanimously authorized its President & CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC (“Master Developer”), a joint venture of 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. The terms of the MDA contemplate that an instrumentality of HACLA will participate in the ownership of the redeveloped housing phases of Jordan Downs and HACLA has chosen its instrumentality, La Cienega, to participate in Phase S4 of the Jordan Downs redevelopment (“Phase S4”) as the MGP of the Partnership. On August 27, 2020, by Resolution 2020-02, La Cienega’s Board of Directors (“Board”) authorized La Cienega’s entrance into the Partnership as the Partnership’s Managing General Partner. This early partnership entrance, which would typically have occurred closer to the construction loan closing date of Phase S4, was effectuated so as to increase the Partnership’s likelihood of being awarded an MHP Loan. La Cienega joined the Partnership via an Amended and Restated Agreement of Limited Partnership on September 1, 2020.

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 and establishing the Jordan Downs Community Advisory Committee in 2008, 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.

Development: Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. This collaboration has involved developing a site plan, conducting architectural studies and pursuing competitive and non-competitive financing for each phase. Phase 1A, completed by BRIDGE, delivered 115 apartment units to the community and is now 100% occupied, and Phase 1B, completed by The Michaels Organization, delivered 135 units and is also 100% occupied. Area H, an 80-unit residential development, is preparing to receive its Certificate of Occupancy. Phase S2, an 81-unit residential development, and Phase S3, a 92-unit residential development, are under construction with tentative completion in 2022 and 2023 respectively.

Phase S4 will be comprised of 90 apartments and developed on a 1.99-acre parcel. The development site is located on 101st Street, across from the Phase S2 & Phase S3 projects. Affordability levels and unit mix breakdown by subsidy are indicated in the tables below:

Table 1: # of units by BR size and AMI%:							
	20%	30%	50%	80%	Unrestr icted	Non- Income	Total by BRs
0 Bedroom	0	0	0	0	0	0	0
1 Bedroom	4	10	0	2	4	0	20
2 Bedroom	15	11	3	5	4	0	38
3 Bedroom	3	10	3	5	5	1	27
4 Bedroom	0	2	0	2	0	0	4
5 Bedroom	0	1	0	0	0	0	1
Total by AMIs	22	34	6	14	13	1	90

Table 2: # of units by BR size and Subsidy Type						
	Section 8		Homeless	No	Non-	Total by BRs
	HAP	RAD HAP	PBV	Subsidy	Income	
0 Bedroom	0	0	0	0	0	0
1 Bedroom	12	0	4	4	0	20
2 Bedroom	18	3	10	7	0	38
3 Bedroom	10	8	3	5	1	27
4 Bedroom	3	1	0	0	0	4
5 Bedroom	1	0	0	0	0	1
Total by Subsidies	44	12	17	16	1	90

Developer/Ownership

Pursuant to the MDA, Jordan Downs Community Partners, LLC has assigned its rights and obligations to develop and own Phase S4 to the Partnership. The Administrative General Partner of the Partnership (0.5% ownership share) is Jordan S4-Michaels, LLC (“S4-Michaels LLC”), a California limited liability company, whose manager is Michaels. La Cienega is the Managing General Partner (also with a 0.5% ownership share), and Michael J. Levitt and Andrew J. Bocchino are limited partners. The current limited partners will be substituted with a tax credit investor upon closing of the construction financing for the transaction and the execution of a new Amended and Restated Limited Partnership Agreement.

The MHP Loan

The financial construction closing of Phase S4 is estimated to occur in the first quarter of 2023, and construction will commence soon thereafter. Construction is scheduled to be completed by summer 2024, and the construction financing will convert to permanent financing approximately six (6) months after completion of construction.

Loans under the MHP are provided for post-construction permanent financing, and must be used to assist the new construction, rehabilitation, or preservation of permanent and transitional housing for lower income households. MHP loans are offered under highly attractive terms and conditions that typically include a 55-year term with 3 percent simple interest on unpaid principal balance, and payments in the amount of 0.42 percent due annually for the first 30 years of the loan term. The annual payment for the next 25 years is set by HCD in year 30, at the minimum amount necessary to cover HCD monitoring costs, with the balance of unpaid principal and interest due and payable upon completion of the loan term.

After La Cienega entered the Partnership in September 2020, the Partnership applied for an award of loan funding under the MHP July 2020 Round 3 Notice of Funding Availability (“NOFA”). This application was unsuccessful, and the partnership subsequently reapplied for \$17,000,000 of loan funding under the MHP July 2021 Round 4 NOFA (“Round 4 NOFA”).

On February 18, 2022, the Partnership received notification that it had been awarded the MHP Loan under the Round 4 NOFA, in an amount not to exceed \$17,000,000. In order to effectuate the MHP Loan, MHP first requires the general partners of the borrowing entity, here La Cienega and S4-Michaels LLC, to separately pass board resolutions authorizing the partners to take various actions, including execution of a Standard Agreement and of the various other MHP Loan Documents. The attached resolution is in a form sufficient to satisfy MHP’s general partner authorization requirements for the MHP Loan.

Funding: No Funding is required for this action. Loan repayment obligations under the MHP Loan will be paid from Partnership revenues.

Environmental Review:

Pursuant to 24 CFR Part 58, the City of Los Angeles, its Housing and Community Investment Department 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 for the entire project 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 the U.S. Department of Housing and Urban Development's Office of the Field Office Director issued approval of the Housing Authority's Request for Release of Funds and Environmental Certification.

Attachment:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., IN ITS CAPACITY AS THE MANAGING GENERAL PARTNER OF JORDAN DOWNS PHASE S4, LP, TO ACCEPT STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MULTIFAMILY HOUSING PROGRAM LOAN FUNDING IN AN AMOUNT NOT TO EXCEED \$17,000,000, AND TO ENTER A STANDARD AGREEMENT AND VARIOUS NOTES, COVENANTS, AND AGREEMENTS IN CONNECTION THEREWITH, AND FURTHER AUTHORIZING THE PRESIDENT, SECRETARY, AND TREASURER TO EXECUTE ALL DOCUMENTS AND UNDERTAKE ALL ACTIONS NECESSARY TO EFFECUTATE THESE PURPOSES

WHEREAS, La Cienega LOMOD, Inc. (“La Cienega”) is an instrumentality of the Housing Authority of the City of Los Angeles (“HACLA”) 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, HACLA intends to transform the Jordan Downs public housing community into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions;

WHEREAS, on June 28, 2012, HACLA’s Board of Commissioners unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC (“Master Developer”) for the redevelopment of Jordan Downs following which the MDA between the Authority and the Master Developer was executed on August 1, 2012;

WHEREAS, the Master Developer is a joint venture of BRIDGE Housing Corporation and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”);

WHEREAS, the Authority and the Master Developer have been working closely since 2012 to implement the vision of a redeveloped Jordan Downs including the vertical residential development of the Phase S4 Residential Project (the “Project”) by Jordan Downs Phase S4, L.P., a California limited partnership (the “Borrower”) and meeting with the residents on redevelopment progress to ensure consistency and transparency;

WHEREAS, Jordan Downs Phase S4 will be comprised of 90 units in an affordable residential development with amenities, of which seventeen (17) units are Rental Assistance Demonstration units, fifty-six (56) are regular Project-Based Voucher units, and seventeen (17) units will be unrestricted;

WHEREAS, on August 27, 2020, via Resolution 2020-02, La Cienega’s Board of Directors (the “Board”) determined that it was in the best interest of La Cienega for it to act as the non-profit Managing General Partner of the Borrower;

WHEREAS, on September 1, 2020, via an Amended and Restated Agreement of Limited Partnership, La Cienega joined the Borrower as its Managing General Partner, with Jordan S4-Michaels, LLC as its Administrative General Partner and Michael Levitt and Andrew J. Bocchino as its Limited Partners;

WHEREAS, on July 23, 2021, the State of California Department of Housing and Community Development (the "Department") issued a Round 4 Notice of Funding Availability ("NOFA") for loans under its Multifamily Housing Program ("MHP");

WHEREAS, loans under the MHP must be used to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households, and are provided for post-construction permanent financing under terms and conditions that typically include a 55-year term and 3 percent simple interest on unpaid principal balance;

WHEREAS, Michaels, acting as the NOFA application sponsor, submitted a NOFA application on behalf of Borrower for MHP loan funding to support Project construction activities;

WHEREAS, on February 18, 2022, the Department provided notification that the Borrower has been assigned a conditional commitment of MHP loan funding under the NOFA; and

WHEREAS, the Department's award of MHP loan funding, in an amount not to exceed \$17,000,000, is subject to certain conditions, including La Cienega's formal authorization of various actions via Board resolution.

NOW, THEREFORE, IT IS RESOLVED, that La Cienega is hereby authorized to act as the Managing General Partner of the Borrower in connection with the Department's loan of funds to the Borrower pursuant to the above-described Notice of Funding Availability in an amount not to exceed \$17,000,000 (the "MHP Loan").

RESOLVED FURTHER, that in connection with the Borrower's MHP Loan, La Cienega is authorized and directed to enter, execute, and deliver, as the Managing General Partner of the Borrower, a State of California Standard Agreement, and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the MHP Loan, the Borrower's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain other documents required by the Department as security for, evidence of, or pertaining to the MHP Loan, and all amendments thereto (collectively, the "MHP Loan Documents").

RESOLVED FURTHER, that La Cienega's Officers hereby authorized to execute the MHP Loan Documents and any amendments or modifications thereto, on behalf of La Cienega for itself and as the Managing General Partner of the Borrower, are as follows:

Tina Smith-Booth, President
Lisette Belon, Secretary
Patricia Kataura, Treasurer

RESOLVER FURTHER, that the President, the Secretary or the Treasurer of 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 MHP Loan Documents, 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 MHP Loan Documents and 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 to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the Board.

RESOLVED FURTHER that this Resolution shall take effect immediately.

Passed and adopted by the Board of Directors of La Cienega LOMOD, Inc. by the following vote:

____AYES

____NAYS

____ABSTAIN

____ABSENT

APPROVED AS TO FORM:
JAMES JOHNSON

LA CIENEGA LOMOD

BY: _____
GENERAL COUNSEL

BY: _____
CHAIRPERSON

DATE ADOPTED: _____

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of La Cienega LOMOD, Inc. does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of La Cienega LOMOD, Inc. which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

BY: _____
LISSETTE BELON, SECRETARY