RESOLUTION AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO PROVIDE FINANCIAL COMMITMENTS TO JORDAN DOWNS PHASE S6, LP, A CALIFORNIA LIMITED PARTNERSHIP FOR JORDAN DOWNS PHASE S6, IN ORDER TO PROCEED WITH A COMPETITIVE APPLICATION TO THE STATE OF CALIFORNIA MULTIFAMILY HOUSING PROGRAM (MHP) AND INFILL INFRASTRUCTURE GRANT PROGRAM (IIG) FOR UP TO $24,500,000 IN MHP FUNDING AND $6,500,000 IN IIG GRANT FUNDING

Douglas Guthrie  
President & Chief Executive Officer

Geoff Moen  
Director of Development

Purpose: In order to complete the Housing Authority of the City of Los Angeles’ (“HACLA”) commitment to the full redevelopment of Jordan Downs, approximately nineteen individual phases of housing development need to be undertaken, each with their own financing approach and unique design. To date, six phases are either complete or under construction. In order to ensure the viability of future phases, HACLA and its development partner, Jordan Downs Community Partners, LLC, must pursue competitive funding at the State, Federal and potentially local levels. The actions recommended in this report provide financial commitments to Jordan Downs Phase S6, LP (the “Limited Partnership” or “Developer”) for Jordan Downs Phase S6 (“Phase S6”), in the Limited Partnership’s application to secure funds under the State of California Department of Housing and Community Development (“HCD”) Multifamily Finance Super NOFA (“Super NOFA”). Public enforceable commitments to any project provide a competitive edge in the Super NOFA – offering the project bonus or tiebreaker points, which are considered generally necessary to receive an allocation of Multifamily Housing Program (“MHP”) and the State of California’s Infill Infrastructure Grant Program. By approving this funding, HACLA is ensuring that Phase S6 has potential access to needed capital from the State.

Regarding: On June 28, 2012, by Resolution 8969, 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”), 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 April 28, 2016, by Resolution No. 9282, on December 22, 2016 by Resolution No. 9327, and on May 28, 2020 by Resolution 9594.

On June 25, 2020, by Resolution 9605, HACLA’s Board of Commissioners accepted the FY 2019 Choice Neighborhoods Implementation grant awarded by the U.S Department of Housing and Urban development in the amount of $35 Million to be used towards the redevelopment of Jordan Downs Public Housing.

On September 23, 2021, by Resolution 9746, HACLA’s Board of Commissions authorized the submittal of Rental Assistance Demonstration (“RAD”) applications, as part of a Portfolio Award, for six phases of Jordan Downs (Phase S4, Phase S5, Phase S6, Phase S7, Area H3a, and Area H3b) with the U.S. Department of Housing and Urban Development (“HUD”) in order to meet HACLA’s
replacement housing unit obligation and complete the conversion of the Jordan Downs Public Housing community. This action authorized up to twelve (12) RAD units for Phase S6.

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. Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. This collaboration has involved conducting a site plan and architectural studies and pursuing competitive and non-competitive financing for each phase. The first two phases completed have brought 250 new units of affordable housing and are occupied as of winter 2021. This year, a new phase providing 80 units of housing is current leasing up and three phases are under construction, with those additional 249 units coming online starting in 2023. Primestor’s Phase 1C commercial development, Freedom Plaza, a 118,000 square foot commercial retail shopping center, was completed in November 2019. Several of the stores are now open, including anchor tenants, and the center is 95%+ leased.

Phase S6 will be comprised of 100 apartment units in a mixed-use building developed on a 1.963-acre parcel. The development site is located south of the future Central Park and a new community center between 102nd and 103rd Streets (see Attachment 2, Site Map). The design of Phase S6 will create a pedestrian throughway between 103rd Street and the heart of the redeveloped Jordan Downs and provide ground floor retail opportunities for small businesses and services.

Ground Lease:

Per the MDA, HACLA intends to enter into a Ground Lease with Jordan Downs Phase S6, LP for the development of the Project (the “Ground Lease”). The terms of this Ground Lease are not finalized and will be brought to the Board of Commissioners at the time a final financing plan is established. However, based on preliminary review of the project pro forma and based on competitive requirements of funding sources like MHP, it is recommended that HACLA commit to financing the fair market value of the capitalized rent under the Ground Lease, currently estimated to be $3,500,000, pursuant to a promissory note (the “Acquisition Note”). The Acquisition Note carries a minimum 55-year term, with simple interest at 4% and would be payable from residual receipts. The payment terms of the Ground Lease and Acquisition Note are subject to HACLA underwriting and California Tax Credit Allocation committee requirements and the final value of the Ground Lease will be determined by an appraisal at the time the Board of Commissioners considers the final financing plan and the substantially final financing agreements, including the Ground Lease.

Gap Funding:

On August 1, 2012, HACLA entered into a Master Developer Agreement with Jordan Downs Community Partners, LLC of which The Michaels Organization is a joint venture partner. Section 6.6 of the Master Developer Agreement states that HACLA will consider providing loan funds to assist with the development of replacement housing at Jordan Downs. In 2019, HACLA competed for HUD’s Choice Neighborhood Implementation Grant and received an award of $35 million. As part of this award, over $20 million was dedicated to various phases of the affordable housing development at Jordan Downs. Based on current availability of financing sources across all phases, the latest Choice Neighborhood grant budget schedule submitted by Jordan Downs Community Partners, LLC includes $4,100,000 for Jordan Downs Phase S6. HACLA will be working with HUD to allocate these funds as part of its overall underwriting and closing actions when
entering into the RAD contract discussed below. The Choice Neighborhood grant will provide gap financing as a source for both construction and permanent financing.

HACLA’s financial commitment to Phase S6 will be up to $2,262,946 for a construction and permanent loan to provide the necessary financing for project infrastructure costs as outlined in the Master Developer Agreement (“Gap Loan”). These funds will be loaned to the partnership at 4% simple interest for a term of 55 years to be repaid from Project cash flow residual receipts. The Gap Loan will come from non-federal and unrestricted proceeds generated by the HACLA-owned non-public housing portfolio. HACLA’s Choice Neighborhood Implementation Grant financing plan contemplated a future HACLA contribution of $5,000,000 in gap financing in the Phase S8 project. HACLA and Michaels are proposing to split and advance a portion of that future commitment ($2,62,946) to the Phase S6 project.

As stewards of limited public funding resources, HACLA will continue to carry out its due diligence on the design, financing and predevelopment to reduce HACLA’s Gap Loan funding to the extent feasible by ensuring that the development costs are reasonable and that competitive terms for the LIHTC and permanent loans are achieved. After the Project receives an allocation of tax credits and tax-exempt bonds, the Developer shall perform an open and competitive solicitation for any lender or equity investor and HACLA shall reasonably approve the final selection of any lender or equity investor. In addition, HACLA and the Developer will jointly bid the General Contractor for construction and HACLA shall have the right to approve the Construction Contract. The Developer must also submit a final Financing Plan to HACLA for its review and approval, prior to financial closing.

HACLA will be applying for approximately $6,500,000 in IIG funding for Jordan Downs Phase S6. If awarded HACLA will lend the IIG funds to the Partnership at construction closing (“IIG Authority Loan”). HACLA will coordinate with HCD to allocate these funds as part of its overall underwriting and closing actions and will enter into the Standard Agreement with HCD. The IIG Authority Loan will have a 55-year term, bearing no interest. The IIG Authority Loan will be deferred and due on maturity, except in the event of a default by the Partnership. The Authority IIG Loan will be governed by an Authority Loan Agreement between HACLA and the Partnership, Authority IIG Note and other customary loan documents executed by HACLA and the Partnership and secured by an Authority Leasehold Deed of Trust encumbering the Partnership’s leasehold interest in the Phase S6 site. In addition, HACLA and the Partnership will enter into a Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing for the benefit of HCD.

By reserving these commitments to the Partnership for Phase S6, the project will be more competitive in the Super NOFA and more likely to receive an MHP award. The project will be applying for up to $24,500,000 in funding. In addition to providing these critical public gap financing, HACLA will provide RAD and PBV vouchers for both replacement and non-replacement units. The PBV vouchers allow Phase S6 to offer twenty-five units for homeless families and individuals with rents targeted to 20% and 30% AMI which is a key requirement for MHP. This deep affordability combined with market rate, tax credit and replacement housing units in Phase S6 creates a community with various points of access to much needed

*Rental Assistance Housing:*

*Demonstration:*

In January 2016, the Housing Authority submitted a multi-phase application to HUD which subsequently provided HACLA with a multi-phase reservation of 120 RAD units for the future.
Since then HACLA has received additional awards including 70 RAD units for Phase 1A and 1B of Jordan Downs. RAD is intended to preserve the nation’s stock of deeply affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities. HUD considers RAD an important part of its rental housing preservation strategy and is investing significant resources to promote and expand its use. The RAD program allows the conversion of the public housing subsidy into a project-based Section 8 subsidy platform allowing HACLA to continue to serve very low-income families. The RAD program is designed to have minimal disruptions to tenants, no permanent relocation, and no rent increase to tenants. Most recently, HACLA has allocated twenty-five (25) RAD units to Phase 3, seventeen (17) RAD units to Phase S2 and thirty (30) for Area H.

In September 2021, HACLA submitted an application for RAD to HUD, including up to twelve (12) units for Phase S6. Based on current underwriting, HACLA intends to provide RAD PBV assistance for up to ten (10) units as outlined in Table #1 to the project under a RAD PBV Housing Assistance Payments contract (“RAD HAP”) for an initial term of twenty (20) years, renewable in accordance with the RAD program. HACLA will reserve the right to rescind the RAD and/or PBV commitments in the event: (a) the Project fails to meet the requirements of the PBV or RAD programs prior to execution of and AHAP or RAD HAP, as applicable; and/or (b) provisions of RAD PBV funding by HUD are rescinded or cut. HACLA further reserves the right to rescind the commitments herein if the developer fails to secure necessary capital financing, such as low-income housing credits, or fails to complete the project in a timely manner.

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>Number of RAD Units</th>
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<tbody>
<tr>
<td>1 bedroom</td>
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<tr>
<td>2 bedroom</td>
<td>4</td>
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<tr>
<td>3 bedroom</td>
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<tr>
<td>Total</td>
<td>10</td>
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Vision Plan: PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

The development of Phase S6 will allow for the construction of 100 new housing units of which 60 are replacement units for the existing residents. 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: Subject to HUD and HCD approval, the Authority will be providing the Project with up to $4,100,000 in Choice Neighborhood funding, up to $6,500,000 in Infill Infrastructure grant funding, and up to $2,262,946 in uncommitted Rent Subsidy proceeds.
### Budget and Program Impact:

Use of these funds is an effective approach to maintain deeply affordable units in public housing conversion projects and provides needed operating subsidy to address the extraordinary costs associated with maintaining significant new infrastructure, vibrant mixed use commercial spaces, and open space improvements as well as providing supportive services to the residents. The use of HACLA resources to support the preservation and expansion of affordable housing and economic opportunities is aligned with the Authority’s budget and program goals. Although this action represents an increase in funding from HACLA, HACLA is expected to receive a partial repayment if other gap sources are identified and awarded prior to or after construction finance closing. Phase S6 will continue to be analyzed for cost savings and the amount recommended is intended to be an upper limit of financing required. Acting in advance of final underwriting is critical given the competitiveness of the MHP and IIG Super NOFA and to ensure a high tiebreaker score. This action allows Phase S6 to move forward on its timeline to initiate construction in 2025.

### Environmental Review:

#### CEQA

The City of Los Angeles is the lead agency for the JD 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 Final Environmental Impact Report ("FEIR") and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the FEIR 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 S6 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 Board of Commissioners 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 S6 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 ("HCID/LA") 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, 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.
Section 3: The Developer 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 Developer 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 Developer 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.

Attachment:
1. Resolution
2. Site Map
3. Conceptual Drawings
ATTACHMENT 1.
RESOLUTION
RESOLUTION AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO PROVIDE FINANCIAL COMMITMENTS TO THE JORDAN DOWNS PHASE S6, LP, A CALIFORNIA LIMITED PARTNERSHIP FOR JORDAN DOWNS PHASE S6, IN ORDER TO PROCEED WITH A COMPETITIVE APPLICATION TO THE STATE OF CALIFORNIA MULTIFAMILY HOUSING PROGRAM (MHP) AND THE STATE OF CALIFORNIA INFILL INFRASTRUCTURE GRANT PROGRAM (IIG) FOR UP TO $24,500,000 IN MHP FUNDING AND $6,500,000 IN IIG GRANT FUNDING

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) is authorized pursuant to the Housing Authorities Law (Sections 34200 et seq. of the California Health and Safety Code) (the “Act”) to conduct business for any of its corporate purposes;

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 (the “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 HACLA and the Master Developer was executed on August 1, 2012, as amended;

WHEREAS, HACLA 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 S6 residential project (the “Project” or “Phase S6”) by Jordan Downs Phase S6, LP (“Phase S6 Owner”) and meeting with the residents on progress of the redevelopment to ensure consistency and transparency;

WHEREAS, HACLA desires to commit to providing the Project with up to $4,100,000 in gap funding from the Choice Neighborhoods Implementation Grant (“CNI Gap Funding”) contingent on final approval by HUD at the time of construction closing;

WHEREAS, HACLA desires to commit to providing the Project with up to $2,262,946 in gap funding from HACLA (“HACLA Gap Funding”) contingent on final approval by HUD at the time of construction closing;

WHEREAS, HACLA desires to commit to providing the Project with a carryback note on the Capitalized Ground Lease at fair market value, currently estimated to be $3,500,000, pursuant to a promissory note (the “Acquisition Note”);

WHEREAS, Phase S6 will be comprised of 100 units in an affordable residential development with amenities, of which ten (10) units are reserved as Rental Assistance Demonstration (“RAD”) units and fifty (50) are reserved as Section 8 Project-Based Voucher (“PBV”) units reserved for existing Jordan Downs households;

WHEREAS, HACLA and the Phase S6 Owner desire to seek funding for Phase S6 through a variety of private and public sources, including Federal, State and Local agencies;

WHEREAS, the State of California, through its Housing and Community Development Department (“HCD”) has issued a Multifamily Finance Super NOFA dated March 30, 2022 (“Super NOFA”), implementing the requirements of California Assembly Bill 434 (AB 434) (Chapter 192, Statutes of 2020) and the Infill Infrastructure Grant (“IIG”) Program established under Chapter 2 of Part 12 of Division 31 of the Health and Safety Code commencing with Health and Safety Code Section 53545, which authorizes HCD to approve funding allocations utilizing monies made available by the State Legislature, subject to the terms and conditions of the statute and various program guidelines;
WHEREAS, HACLA desires to submit an application as a sole applicant, or jointly through its instrumentality La Cienega LOMOD, Inc. and in partnership with the Phase S6 Owner, and receive an allocation of funds through the IIG Program for the Qualified Infill Project (“QIP”) comprised of Phase S6;

WHEREAS, HCD is authorized to approve funding allocations for the IIG and MHP Program, subject to the terms and conditions of the Super NOFA, Program Guidelines, Application Package, and the HCD Standard Agreement, and HCD is authorized to administer the approved funding allocations of the IIG and MHP Programs;

WHEREAS, HACLA is an Eligible Applicant under the IIG Program and wishes to apply, under the described Super NOFA, for an IIG grant amount not to exceed $6,500,000 to develop infrastructure in support of Phase S6 and the delivery of affordable housing;

WHEREAS, HACLA shall be subject to the terms and conditions as specified in the HCD Standard Agreement and funds are to be used only for eligible project expenditures as identified in the HCD Standard Agreement;

WHEREAS, HACLA desires to use the funds for eligible capital asset(s) in the manner presented in the Super NOFA application as approved by HCD and in accordance with the NOFA and Program Guidelines and Grant Application Package; and

WHEREAS, in order to apply for MHP and IIG funding for Phase S6, it is necessary for HACLA to provide financial commitments in order for the application to be competitive for funding.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the President and CEO, or designee (“Designated Officers”) to:

1. Apply for and or support the application by the Phase 6 Owner to HCD’s Super NOFA dated March 30, 2022 for up to $6,500,000 in IIG Program funding and $24,500,000 in MHP funding for eligible project improvements in furtherance of the redevelopment of Phase S6 of the Jordan Downs Public Housing community, to submit and execute any other documents, certifications or information requested by HCD and to execute any and all documents and approvals that may be required to assist in completing the application and effectuating the intent of this resolution, as approved by legal counsel, all on behalf of HACLA.

2. Enter into, execute, and deliver a State of California Standard Agreement (“Standard Agreement”) with HCD, if the application is approved and IIG Program funding is awarded in a grant amount up to $6,500,000, and any and all other documents required or deemed necessary or appropriate to secure the IIG Program funds from HCD, and all amendments thereto, and in order to evidence the IIG Grant, HACLA’s obligations related thereto, and HCD’s security, and execute a disbursement agreement and certain other documents required by HCD as security for, evidence of, or pertaining to, the IIG Program funds (collectively, the “IIG Documents”).

3. Agree to use any funds received through the IIG Program for eligible improvements in the manner presented in the application as approved by the HCD and in accordance with the Super NOFA and Program Guidelines and Application Package and require that HACLA, and or its instrumentality as the Managing General Partner of the Phase S6 Owner comply with the terms and conditions as specified in the Standard Agreement.

4. Execute, in the name of HACLA, or HACLA’s instrumentality, La Cienega LOMOD, the Super NOFA Application Package and the IIG Program Documents necessary or required by HCD for participation in the IIG Program.
BE IT FURTHER RESOLVED that the Designated Officers of HACLA referred to above are as follows:

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
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</table>

BE IT FURTHER RESOLVED that the Board of Commissioners authorizes the commitment of the above-described CNI Gap Funding, HACLA Gap Funding, and Acquisition Note financial commitments to Jordan Downs Phase S6, LP for Jordan Downs Phase S6 in order to proceed with competitive applications to the State of California Super NOFA and all other competitive grant and financing programs so as to fully finance the construction and operations of Phase S6.

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

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: __________________________

By: __________________________

APPROVED AS TO FORM:

BY: __________________________

DATE ADOPTED: __________________________
ATTACHMENT 2.
SITE MAP
ATTACHMENT 3.
CONCEPT DRAWINGS