

RESOLUTION OF LA CIENEGA LOMOD, INC., AS THE MANAGING GENERAL PARTNER OF JORDAN DOWNS PHASE S4, LP, TO RECEIVE UP TO \$4,912,069 OF ADDITIONAL DEVELOPER FEE FOR JORDAN DOWNS PHASE S4, COMMIT TO PROVIDING SUCH ADDITIONAL DEVELOPER FEE TO THE PARTNERSHIP AS A \$4,912,069 CAPITAL CONTRIBUTION FOR THE CONSTRUCTION OF JORDAN DOWNS PHASE S4, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH



Tina Smith-Booth
President



Lisette Belon
Secretary

Purpose: Approve and adopt the Resolution authorizing the President, or designee, of La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“LOMOD”), as managing general partner of Jordan Downs Phase S4, LP (the “Partnership”), to receive up to \$4,912,069 of developer fee for Jordan Downs Phase S4 (the “Project” or “Phase S4”) and commit to providing such additional developer fee as a \$4,912,069 capital contribution to the Partnership for the development and construction of the Project.

Regarding: On June 28, 2012, HACLA’s Board of Commissioners (“Board”) 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. The MDA was further amended on April 28, 2016, by Resolution No. 9282 to add Primestor Development Corporation (“Primestor”) as the commercial development partner of Phase 1C, a commercial phase of the Jordan Downs redeveloped community. 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, LOMOD, to participate in Phase S4 as the Managing General Partner (“MGP”).

On August 27, 2020, Resolution # LA CIENEGA LOMOD-2020-02 was approved and adopted authorizing LOMOD to enter into the Partnership as the MGP by executing the Limited Partnership Agreement (“LPA”).

On March 31, 2022 Resolution # LA CIENEGA LOMOD-2022-03 was approved and adopted authorizing LOMOD, in its capacity as the MGP of 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 authorizing the President, Secretary, and/or Treasurer to execute all documents and undertake all actions necessary to effectuate these purposes.

Issues: The proposed Project is expected to be constructed on approximately 1.99-acres located on Grape Street Between 101st and 102nd street across from the Phase S2 and Phase S3 Projects.

The development of Phase S4 will allow for the construction of 90 new units, of which 79 will be affordable, 10 market rate, and one unrestricted managers unit. Of the 79 affordable units, fifty-six (56) are replacement units: 17 are RAD units and 39 PBV units, all for existing Jordan Downs residents, and twenty-three (23) are non-replacement PBVs.

This action will help 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.

GP Capital

Contribution: After submittal of an application and award of MHP funds in March 2022, an increase in interest rates, supply chain disruptions, spiraling inflation, and Federal Reserve counter-measures have led to increases in hard construction and financing costs for the Project. Based on further discussion the Partnership determined that in order to demonstrate financial viability, it was necessary to address changes in underwriting impacted by the above-mentioned factors, and ensure competitiveness for future funding applications. A detailed review and analysis of the Partnership’s Project pro forma includes a HACLA gap loan commitment of up to \$1,305,000 and \$2,850,000 in Choice Implementation grant funds coming in as a loan, both of which are being considered for approval by the HACLA Board of Commissioners at its July 2022 meeting and an Acquisition Note previously approved by the HACLA Board of Commissioners in August 2020.

As part of its underwriting revisions, the Partnership would benefit by increasing the developer fee for the Project by \$4,912,069 beyond the cap of \$3,500,000 (the “Additional Developer Fee”) imposed by HCD to the maximum developer fee permitted under California Tax Credit Allocation Committee’s (“CTCAC”) regulations, equal to fifteen percent of the Project’s projected unadjusted eligible

basis of \$56,080,457, or a total fee of \$8,412,069. Pursuant to HCD regulations, the developer fee cap is increased by the dollar value of any capital contribution of funds for project development costs, subject to approval by HCD, which approval the Partnership shall seek as necessary. The Additional Developer Fee will be paid to LOMOD, who will in turn make a \$4,912,069 capital contribution to the Partnership (the "MGP Capital Contribution") to fund development costs for the Project. The additional Low Income Housing Tax Credit ("LIHTC") equity realized by the higher eligible basis generated by the Additional Developer Fee will reduce the Project's funding gap by approximately \$3,790,000, to \$1,305,000.

Funding: No Funding is required for this action.

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 Environmental Impact Report ("EIR") 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 S4 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 S4 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 the U.S.

Department of Housing and Urban Development's Office of the Field Office Director issued approval of the HACLA's Request for Release of Funds and Environmental Certification.

Section 3:

The Partnership will ensure that the Section 3 workers residing within the service area of the Project and participants of Youth-Build programs have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Partnership and their General Contractor will require to meet HUD established labor hour benchmarks for Section 3 Workers and Targeted Section 3 Workers. Additionally, pursuant to HACLA's Section 3 Policy and Compliance Plan, the Partnership and their General Contractor will be required to engage in good faith efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment for Section 3 Workers and Targeted Section 3 Workers in the order of hiring priority. Furthermore, the Partnership and ~~the~~ General Contractor shall strive and use good faith efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Partnership 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

ATTACHMENT 1.

RESOLUTION

RESOLUTION NO. _____

RESOLUTION OF LA CIENEGA LOMOD, INC., AS THE MANAGING GENERAL PARTNER OF JORDAN DOWNS PHASE S4, LP, TO RECEIVE UP TO \$4,912,069 OF ADDITIONAL DEVELOPER FEE FOR JORDAN DOWNS PHASE S4, COMMIT TO PROVIDING SUCH ADDITIONAL DEVELOPER FEE TO THE PARTNERSHIP AS A \$4,912,069 CAPITAL CONTRIBUTION FOR THE CONSTRUCTION OF JORDAN DOWNS PHASE S4, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, 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 LOMOD 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, 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 HACLA and the Master Developer was executed on August 1, 2012 as amended;

WHEREAS, on August 27, 2020, the LOMOD Board approved a resolution authorizing the President of LOMOD to enter into the Jordan Downs Phase S4, Limited Partnership (the “Partnership”) as the Managing General Partner (“MGP”) by executing the Limited Partnership Agreement (“LPA”);

WHEREAS, on March 31, 2022, LOMOD approved a resolution authorizing the President of LOMOD, in its capacity as MGP of 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 authorizing the President, Secretary, and/or Treasurer to execute all documents and undertake all actions necessary to effectuate these purposes;

WHEREAS, HACLA and Jordan Downs Phase S4, LP The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels” or “AGP”) desire to develop 90 units on a 1.99-acre parcel located on 101st Street Los Angeles Ca 90002 (the “Project”);

WHEREAS, HACLA and the Partnership have been working to further the Project’s design, conducting necessary predevelopment activities, finalizing the financing plan and preparing funding applications;

WHEREAS, the Partnership desires to increase the developer fee paid for the Project by \$4,912,069 beyond the \$3,500,000 cap imposed by HCD, which will be payable solely to LOMOD (the “MGP Capital Contribution”);

WHEREAS, pursuant to HCD regulations, the developer fee cap may be increased by the dollar value of capital contributions of funds for project development costs, subject to HCD approval, which approval the Partnership shall seek as necessary;

WHEREAS, LOMOD intends to make a capital contribution to the Partnership in the amount of \$4,912,069 (the “MGP Capital Contribution”) which will be funded from the Additional Developer Fee to decrease the Project’s funding gap and increase Low Income Housing Tax Credit (“LIHTC”) eligible basis;

WHEREAS, the Partnership desires to apply for 4% LIHTCs from the California Tax Credit Allocation Committee (“CTCAC”), and an allocation of Tax-Exempt bonds from the California Debt Limit Allocation Committee (“CDLAC”); and

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

The President, the Secretary or the Treasurer of La Cienega (each, an “Authorized Representative”) , are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all documents and agreements in connection with the Additional Developer Fee and a commitment to make the MGP Capital Contribution, subject to availability of the Additional Developer Fee.

All actions heretofore taken by the officers, employees, attorneys and agents of LOMOD with respect to the transactions contemplated by this Resolution are hereby approved and ratified, and the Authorized Representatives, and each of their respective designees, 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 commitment of the MGP Capital Contribution, subject to the availability of the Additional Developer Fee, and to otherwise to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the LOMOD Board of Directors.

BE IT FURTHER RESOLVED that the “Authorized Representatives” of LOMOD referred to herein are as follows:

<u>Name</u>	<u>Title</u>
Tina Smith-Booth	President
Lisette Belon	Secretary
Patricia Kataura	Treasurer

FINALLY, BE IT RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:
JAMES JOHNSON

LA CIENEGA LOMOD, INC.

BY: _____
General Counsel James Johnson

BY: _____
Chair Cielo Castro

DATE ADOPTED: _____