

## TRANSMITTAL

To: **THE COUNCIL**

Date: **06/15/20**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



**ERIC GARCETTI**  
Mayor

(Ana Guerrero) for



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

Housing Development Bureau  
1200 West 7th Street, Los Angeles, CA 90017  
tel 213.808.8638 | fax 213.808.8610  
hcidla.lacity.org

June 4, 2020

Council File: 12-0049-S5,  
12-0049-S18  
12-0049-S24  
Council District: 2  
Contact Persons: Gohar Paronyan (213) 808-8969  
Rick Tonthat (213) 808-8904  
Magdalena Zakaryan (213) 808-8592  
Helmi Hisserich (213) 808-8662

Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORITY TO APPLY COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES EXCESS HOUSING BOND PROCEEDS TO THE AFFORDABLE HOUSING DEVELOPMENT ON CITY-OWNED PROPERTY AT 5623-5633 ELMER AVENUE**

**SUMMARY**

In accordance with Executive Directive No. 3, the General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks authority to apply Community Redevelopment Agency of the City of Los Angeles (CRA/LA) Excess Housing Bond Proceeds in the amount of \$480,000 to the affordable housing development on City-owned property at 5623-5633 Elmer Avenue (Property), with the purpose of maximizing the use of public land for the development of affordable housing. The funds will be disbursed in a form of conditional grant. The CRA/LA Excess Housing Bond Proceeds are available in the North Hollywood Redevelopment Project area.

HCIDLA has executed an Exclusive Negotiation Agreement (ENA) and received approval from the City Council and the Mayor execute a Disposition Development Agreement (DDA) with Homes for Families to build 12 affordable single-family homes on the Property (C.F. No. 12-0049-S5, 12-0049-S24 and City Contract No. C-128834).

## **RECOMMENDATIONS**

- I. That the Mayor review this transmittal and forward to City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
  - A. AUTHORIZE the General Manager of HCIDLA, or designee, to apply the CRA/LA Excess Housing Bond Proceeds (“EHBP”) available in Council District (CD) 2 from the North Hollywood Redevelopment Project Area (Project Area) to the 5623-5633 Elmer Avenue Project;
  - B. AUTHORIZE the HCIDLA General Manager, or designee, to negotiate and execute the relevant grant and ancillary documents for the 5623-5633 Elmer Avenue Project; subject to the approval of the City Attorney as to form;
  - C. AUTHORIZE the Controller to:
    1. Establish a new account “**43S884- Elmer Avenue Project**” within the Low and Moderate Income Housing Fund 55J/43.
    2. Transfer \$480,000 from Restricted Cash (4154 NH Housing Trust Series G- Tax-exempt) to Unrestricted Cash and appropriate therefrom to Account 43S884- Elmer Avenue Project.
    3. Expend funds upon proper demand of the HCIDLA General manager, or designee.
  - D. AUTHORIZE the General Manager of HCIDLA, or designee, to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement those instructions.

## **BACKGROUND**

In April of 2013, HCIDLA executed a Transfer Agreement to accept the housing assets of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) (C.F. No. 12-0049). Among the housing assets received was a property consisting of two parcels at 5623 Elmer Avenue (APN 2337-035-901) and 5633 Elmer Avenue (APN 2337-035-900). In September 2015, HCIDLA received approval from the City Council and Mayor to make this property available for a Request for Qualifications and Proposals (RFQ/P) to select qualified developers for the disposition and development of affordable housing (C.F. No. 12-0049-S5). In April of 2016, HCIDLA released the RFQ/P. Homes for Families (formerly known as Habitat for Humanity, San Fernando/Santa Clarita Valleys) was subsequently selected as the developer for the property.

On November 8, 2016, the City Council and Mayor authorized HCIDLA to negotiate and execute an ENA with Homes for Families for the development of affordable housing on the site (C.F. No. 12-0049-S5). Subsequently, HCIDLA and Homes for Families entered into an ENA (City Contract No. C-128834), which has since been amended twice to extend the term, which is now effective until December 31, 2020.

Homes for Families has worked with HCIDLA to refine the development plans, financing terms, and milestones required to complete the process of affordable housing development. From the inception of the development process with the City, the developer has consulted with the local Council Office, engaged in community outreach with stakeholders, begun the process of securing entitlements, and participated in the underwriting process with City consultants. On March 3, 2020, HCIDLA received authority to execute a DDA with Homes for Families based on negotiated terms (C.F. No. 12-0049-S24). Based on key negotiated terms, Homes for Families will build 12 for-sale homes that will be affordable to households earning up to 120% of the area median income (“AMI”) for the Los Angeles County area. The project site is 26,000 square feet with a total gross building area of approximately 21,760 square feet. The development is comprised of 12 three-bedroom single-family homes with two parking spaces per home, totaling 24 parking spaces.

To assist in filling a construction financing gap, HCIDLA will utilize \$480,000 in the CRA/LA Excess Housing Bond Proceeds from the North Hollywood Redevelopment Project Area. This project fits with the Housing Bond Proceed guidelines, as the project is within the North Hollywood Redevelopment Project Area.

### CRA/LA Excess Housing Bond Proceeds

Prior to the dissolution of the former CRA/LA, the Community Redevelopment Finance Authority of the City of Los Angeles issued both tax-exempt and taxable bonds for the North Hollywood Community Redevelopment Project Area. A portion of the proceeds were deposited into the Former CRA’s Low and Moderate Income Housing Fund (LMIHF) identified as “Housing Bond Proceeds”. With the dissolution of the Former CRA and pursuant to California Health Safety Code Section 34175(b), the control of the Housing Bond Proceeds was transferred to the successor agency, the CRA/LA - a Designated Local Authority (CRA/LA). On June 9, 2015, CRA/LA and HCIDLA executed a Housing Bond Expenditure Agreement (HBEA) authorizing the transfer of the unencumbered Housing Bond Proceeds to HCIDLA, designated in the redevelopment dissolution statutes as the Housing Successor Agency to the Former CRA. Under the HBEA, HCIDLA shall use the unencumbered Housing Bond Proceeds solely for projects that are consistent with Community Redevelopment Law (“CRL”), the respective redevelopment plan, and the Bond Covenants, including without limitation, all requirements relating to maintaining the tax-exempt nature of any tax-exempt bonds. HCIDLA received the unencumbered Housing Bond Proceeds and is tracking and monitoring this fund as CRA/LA Excess Housing Bond Proceeds (“EHBP”). HCIDLA actively seeks to identify housing projects that meets HBEA’s criteria. HCIDLA has identified 5623-5633 Elmer Ave., located in the North Hollywood Redevelopment Project Area in Council District 2, as an appropriate use of EHBP’s North Hollywood tax-exempt bond proceeds.

HCIDLA is requesting approval to utilize EHBP for the gap financing for this project committing \$480,000 from the North Hollywood 4154 NH Housing Trust Series G tax-exempt bond proceeds.

### FISCAL IMPACT

There is no impact on the City’s General Fund.

Prepared By:



GOHAR PARONYAN  
Management Analyst

Reviewed By:



RICK TONTHAT  
Finance Development Officer II

Reviewed By:



MAGDALINA ZAKARYAN  
Community Housing Programs Manager

Reviewed By:



HELMI HISSERICH  
Director of Housing Strategies & Services

Reviewed By:



SEAN L. SPEAR  
Assistant General Manager

Reviewed By:



LYNDON O. SALVADOR  
Director of Accounting

Reviewed By:



LUZ SANTIAGO  
Assistant General Manager

Reviewed By:



LAURA K. GUGLIELMO  
Executive Officer

Approved By:



RUSHMORE D. CERVANTES  
General Manager