

Communication from Public

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Comments for Public Posting: Hollywood Community Housing and Venice Community Housing, the non-profit developers of the affordable housing development, Venice Dell Community are writing to correct the public record with regards to the City Attorney's Report No R26-0095 dated Feb 11, 2026. Please see attached letter.



Venice Community Housing

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February 24, 2026

The Honorable City Council
of the City of Los Angeles
200 North Spring Street
Los Angeles, CA 90012

**Re: Response to Report No R26-0095 dated Feb 11, 2026
(Venice Dell Community)**

Dear Council President Harris-Dawson and Members of the Los Angeles City Council:

Hollywood Community Housing and Venice Community Housing, the non-profit developers (the “Developers”) of the project commonly referred to as “Venice Dell” (the “Project”) are writing to correct the public record with regards to Report No R26-0095 dated Feb 11, 2026.

The nine-page report (the “Report”) signed by Los Angeles City Attorney Hydee Feldstein Soto (the “City Attorney”) contains multiple blatantly false and misleading statements. The letter perpetuates misinformation in ongoing efforts to illegally and improperly undo the City Council approvals and City-executed contracts regarding Venice Dell.

The Developers would like to correct some of the main points brought forth by the City Attorney, as outlined below.

- 1. Previous court documents produced by the City Attorney contradict information in this report, as does the subsequent Superior Court ruling which found that the 2022 City Council approval of the Project Disposition and Development Agreement (DDA) was proper and legal.**

The City Attorney’s Report directly contradicts evidence and arguments the City advanced in June 2024 when it [defended its approval of the Disposition and Development Agreement \(“DDA”\) in Superior Court \(Case No 22STCP03359\)](#). In that case, Judge James C. Chalfant [ruled against the Project opponents and upheld the City’s approval of the DDA](#). The City Attorney is, remarkably, raising some of the same challenges that the Project opponents raised regarding the appraised value of the land, which the Judge rejected.

Despite robustly defending the DDA and the valuation approach for the Project in Superior Court, the City Attorney appears to have unilaterally reversed the City's position.¹ The City Attorney is now arguing that the differing appraised values for Lot 731 call the City Council's approval of the Project into question. The Lot 731 appraisals are related to the requirement that: "As with any transfer of public assets, the approval of the Project by the City Council required an analysis of the value of the City's assets to be transferred to the Developer and an assessment of the public benefits conferred." (See City Attorney Report, p. 4.) The Report then claims that the wrong appraisal was used in the reuse analysis, apparently because in 2020, Lot 731 was appraised at a lower value than in other appraisals.

LAHD engaged Keyer Marston Associates, a respected consultant the City often uses for real estate and affordable housing transactions, to conduct a reuse analysis of Lot 731. That analysis was based upon the City's 2020 land appraisal of Lot 731. The 2020 appraisal reflected the as-is value of the site and then-current zoning designation of Open Space, which permits only limited uses, such as parks and recreational facilities, – a key assumption that directly impacts market value. In earlier appraisals commissioned by the City (two in 2016 and one in 2018), the City had instructed the appraiser to assume R3 zoning (multifamily residential) which resulted in higher appraised values. Similarly, the Developers' appraisal in 2025 reflected the City Council approved rezoning of the property to Neighborhood Commercial which allows for mixed use development. Because the 2016, 2018, and 2025 appraisals were based on expanded development rights, it is unsurprising that these appraised values exceeded the City's 2020 land appraisal, which was based upon Open Space zoning.

In any event, the appraisal variations do not impact the validity of the City's approval of the Project entitlements. First, **the City will retain permanent ownership of Lot 731**, meaning that the City is the primary beneficiary of any increased land value. Second, even if Lot 731 were being conveyed to Developers at a discount, Section 7.27.3 of the LA Administrative Code authorizes LAHD to convey City-owned property below its fair market value for the purposes of affordable housing development. Finally, while the appraised value is relevant to completing the required reuse analysis, it does not impact the legal and financial viability of the Project.

Because it was clear that all required and non-required City review processes had been followed, in 2024, the City Attorney argued in its defense of the DDA in the above-cited [Superior Court Case No 22STCP03359](#) that the appraisal and reuse analysis were appropriate. The City Attorney also explained that this analysis was not required at the time of DDA approval:

*"In an abundance of transparency during the DDA approval process, the City made available information described in LAAC Section 7.27.3, **even though it was not required to do so at that time**. For example, the City commissioned an appraisal for the Project in 2020 that provided a fair market value appraisal for the Project site, which was subsequently used in the "7.27.3 Reuse Analysis" report discussed at length by Petitioners; another appraisal was also completed in Summer 2023. In addition, the DDA specifically identified the conditions precedent imposed by the City for the eventual conveyance of the property, and the 7.27.3 Reuse Analysis estimated the increased development costs to be incurred by the Real Parties as a result of compliance with those conditions. The 7.27.3 Reuse Analysis also detailed how the Project will contribute to the City's economic*

¹ It is no coincidence that Ms. Feldstein Soto actively advocated against Venice Dell in the lead-up to the 2022 election, and has since embarked on a campaign to undermine Venice Dell, causing the City to violate its contractual and statutory obligations to support the Project.

development and provides ‘all supporting facts and materials relied upon in such explanation.’

“Section 7.27.3 authorizes LAHD to convey City-owned property below its fair market value for the purposes of affordable housing development and sets forth the procedure and requirements for such conveyance.”

The Report reverses the City Attorney’s prior position, based on nothing more than conjecture and insinuations about investigations into “other local affordable housing projects,” which are **completely unrelated to the Developers or this Project.**² We ask that the City Council rely on its qualified staff, and the appraisal process the City Attorney previously robustly defended, rather than giving credence to unfounded allegations.

2. The “Side Letter” extension follows the terms outlined by the DDA and is valid, as is the DDA itself

The City Attorney alleges that the DDA side letter, which modified the Project schedule and budget, was undisclosed and executed without proper “Charter-mandated approvals”, therefore rendering it without any legal force or effect.

However, Section 3.2 of the executed Disposition and Development Agreement (DDA), delegates authority to the LAHD General Manager or their designee to approve reasonable budget revisions. Furthermore, Section 1.2 permits the Schedule of Performance to be revised “from time to time as mutually agreed upon in writing.”

The side letter is valid and binding, and common practice due to the complexity of seeking entitlements and financing for affordable and permanent supportive housing. Additionally, the City Attorney is not authorized to unilaterally terminate the DDA, as she has purported to do, as there are clearly defined requirements and processes for that within the DDA. The DDA and the subsequent side letter continue to operate in full force and effect. **Total development costs for Venice Dell are within the range of approved costs for affordable housing and have been properly reviewed by affordable housing finance experts at the Los Angeles County Development Authority (LACDA) and the State Department of Housing and Community Development (HCD), all of which awarded funding to the Project after a thorough review and underwriting.**

Contrary to the City Attorney’s claims, the Project budget did not increase from \$86.9MM in 2022 (per the DDA) to \$133MM in 2024 (per the DDA Side Letter). The increase is primarily due to the value of the land being excluded from the 2022/DDA pro forma but included in the 2024/Side Letter pro forma, accounting for a difference of \$28MM. Public funders, including the State of California, allow the appraised value of the site to be included as committed public financing to a project and the Developers included the value of Lot 731 to increase competitiveness for State funding. This is why the land value is included in total development costs even though there is no acquisition or payment. Because there will be a ground lease, the value of the land is not a true cost and does not impact total development costs.

² For example, the City Attorney casts suspicion on Developers’ use of BBG Real Estate, alleging this firm was “involved in a separate affordable housing transaction under criminal investigation.” BBG is one of the largest real estate valuation firms in the United States, and there is no public information suggesting that BBG itself is under investigation.

The City Attorney also challenges the financial feasibility and reasonableness of certain assumptions, including interest rates, rate indexes and construction costs. These challenges reflect a lack of expertise in affordable housing financing and are not consistent with project evaluation standards in the industry.

In 2025 the Project was thoroughly underwritten by State and County affordable housing professionals and received approximately \$45MM in public funding commitments. HCD awarded the Project approximately \$42.5 million in loan funds through their Multifamily Housing Program (MHP) in October 2025 and in August 2025, LACDA awarded the Project \$3MM in Affordable Housing Trust Funds. These commitments show the Project is financially feasible and the Project assumptions reflect market terms and are consistent with similar affordable housing developments throughout the County and State.

3. The Developers have not committed fraud and the City Attorney’s allegations are libelous.

The City Attorney attempts to tie the Developers’ actions and the Project to “recent criminal charges pending against other developers of affordable housing”. This is an unfounded allegation against non-profit developers with decades of history in good standing with the City of Los Angeles. While unrelated developments may be facing scrutiny for overpaying for real estate in the context of a different state funding program, those fraud allegations are unrelated to and entirely distinct from this Project. There is no factual basis for the City Attorney’s fraud allegations, which Developers categorically deny.

4. The Developers remain ready, willing, and committed to building Venice Dell.

Since the City earmarked Lot 731 for affordable housing development in 2016, Los Angeles’ housing crisis has only worsened. More than ever, Venice Beach desperately needs affordable and supportive housing, and the Developers are committed to providing it with the Venice Dell project.

Contrary to the City Attorney’s assertion, the Project is not “terminated.” The City has approved effectively all of the required land use entitlements for the Project, and the Developers have continued to take every step available to them to see Venice Dell to completion, including by obtaining Coastal Commission approval, securing State and County funding, and even litigating to require the City to comply with the DDA. In the DDA, the City agreed that Venice Dell is “in the vital and best interests of the City of Los Angeles and the health, safety, morals, and welfare of its residents,” and agreed to work expeditiously to issue the approvals required for the Project.

The City Attorney’s unilateral reversal of its support for Venice Dell violates the DDA and state law – indeed, several lawsuits are pending in relation to the City’s actions. And, as the City Council is aware, HCD has raised significant concerns about the City’s efforts to “delay and effectively deny” Venice Dell, and stated “the City may be acting in a manner that is inconsistent with adopted housing element policies and program commitments.”³ The City Attorney’s conduct has created significant litigation and agency enforcement risks for the City, which the City has already spent millions of dollars responding to.

³ See <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/HAU/los-angeles-venice-dell-loi-100325.pdf>

In summary, the Developers respectfully ask the City Council to disregard the City Attorney's Report and instead rely upon the expert opinions of affordable housing professionals, as well as the ruling by Judge Chalfant which upheld the City's arguments that the 2022 DDA approval process was proper and legal.

Sincerely,



Sarah Letts
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Hollywood Community Housing Corporation



Allison Riley
Co-Executive Director
Venice Community Housing



Erika Lee
Co-Executive Director
Venice Community Housing

Cc: City Attorney Hydee Feldstein Soto
Mitch Kamin, Chief of Staff to Mayor Bass
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