

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 22, 2024

CAO File No. 0220-00540-1692

Council File No. 20-0023-S1

Council District: Citywide

To: The Mayor
The Council

From: *Uplanda Chavez*
for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated April 11, 2024; Received by the City Administrative Officer on April 24, 2024; Additional information received through April 29, 2024

Subject: **REQUEST FOR AUTHORITY TO ENTER INTO LOAN AND REGULATORY AGREEMENTS TO FINANCE ACCESSIBILITY RETROFIT OF EXISTING AFFORDABLE HOUSING DEVELOPMENTS AND TO PROVIDE LOANS UP TO \$3.471 MILLION TO SUPPORT THIS RETROFIT WORK**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD) transmittal dated April 11, 2024;
2. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, subject to the review and approval of the City Attorney as to form, to negotiate and execute accessibility retrofit loan and regulatory agreements with the legal owner of each project and in the amounts identified in Table 1;
3. Authorize the General Manager of LAHD, or designee, subject to the review and approval of the City Attorney as to form, to execute subordination agreements of the financial commitment for each of the projects identified in Table 1, wherein the City's loan and regulatory agreements are subordinated to their respective conventional or municipally funded loans, as required;
4. Authorize the General Manager of LAHD, or designee, to obligate \$3.471 million and disburse funds for the projects in amounts not to exceed those listed below:

Table 1 – Retrofit Funding Obligations		
Owner	Fund/Account	Amount
Coronel Apartments, L.P.	10D/43Y698 Retrofit	\$400,000
88 th & Vermont, L.P.	10D/43Y698 Retrofit	\$1,590,000

Rolland Curtis East, L.P.	10D/43Y698 Retrofit	\$743,000
Rolland Curtis West, L.P.	10D/43Y698 Retrofit	\$738,000
TOTAL		\$3,471,000

5. Authorize the General Manager of LAHD, or designee, to prepare Controller Instructions and any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer, and request the Controller to implement the instructions.

SUMMARY

In the attached Los Angeles Housing Department (LAHD) report dated April 11, 2024, the LAHD requests authority for various items related to the Accessible Housing Program (AHP) retrofit loan program. This includes authority to negotiate and execute loan, regulatory, and subordination agreements, and authority to obligate and disburse loan funds to complete retrofits in three affordable housing projects at four sites.

The AHP was created in part to comply with the Independent Living Centers of Southern California, et al., corrected settlement agreement (CSA) and the U.S. Department of Housing and Urban Development voluntary compliance agreement (VCA). The CSA requires the City to produce 4,000 accessible units and the VCA requires the City to produce 4,031 accessible units, of which 3,100 must be provided through retrofit of existing affordable housing units.

The AHP is funded by the Accessible Housing Trust Fund, a special fund that is fully subsidized by the General Fund. The LAHD reports that the \$3.471 million retrofit loans will be drawn down beginning in the fall of 2024. The 2024-25 Budget is anticipated to include \$10 million in retrofit funding to cover the loans.

The VCA requires the City to retrofit 3,100 existing housing units to meet set accessibility standards. In addition to these units, common areas in the housing developments must be remediated and the non-retrofitted units must be made convertible to accessible units if requested by a tenant in the future. The three housing developments on four sites that are the subject of this report contain 256 units, but only 40 will be certified accessible and count towards the VCA retrofit requirement. At a total cost of \$3,471,000, the average cost per certified accessible unit is \$86,775. Using this cost, the total cost to retrofit the required 3,100 units will be \$269 million.

FISCAL IMPACT STATEMENT

The recommendations in this report obligate \$3.471 million of the anticipated \$10 million Fiscal Year 2024-25 budget for the Accessible Housing Loan Retrofit Program. There is no additional impact on the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are consistent with the City's financial policies in that future costs are projected to be fully paid by future revenues.

MWS:YC:VES:EAB:02240157c

Attachment

Ann Sewill, General Manager
Tricia Keane, Executive Officer

City of Los Angeles



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Karen Bass, Mayor

April 11, 2024

Council File:
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Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
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Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST AUTHORITY TO ENTER INTO LOAN AND REGULATORY AGREEMENTS TO FINANCE ACCESSIBILITY RETROFITS OF EXISTING AFFORDABLE HOUSING DEVELOPMENTS IN ACCORDANCE WITH THE AMENDED CORRECTED SETTLEMENT AGREEMENT WITH THE INDEPENDENT LIVING CENTER OF SOUTHERN CALIFORNIA, ET. AL. AND VOLUNTARY COMPLIANCE AGREEMENT WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD requests approval to make loans to the projects described below in order to finance accessibility retrofits for existing affordable housing developments pursuant to both the Amended Corrected Settlement Agreement (ACSA) entered into with the Independent Living Center of Southern California (ILCSC), et. al., and the Voluntary Compliance Agreement (VCA) entered into with the U.S. Department of Housing and Urban Development (HUD). Both the ACSA and VCA require that the City produce a specified number of certified accessible housing units and anticipate that some portion of those units will be provided through the accessibility retrofit of existing housing developments in LAHD's portfolio of financed affordable housing. The ACSA requires a total of 4,000 accessible units, and the VCA requires a total of 4,031 accessible units. The VCA further requires that 3,100 of the 4,031 units be provided through retrofitting existing covered housing developments. Both agreements require that the City provide funding to facilitate the production of accessible units, including through funding retrofitting activities. Therefore, LAHD requests authority to finance accessibility retrofitting activities for three existing affordable housing developments, on four

sites, commonly referred to as: (1) the Coronel Apartments, (2) 88th & Vermont, and (3) Rolland Curtis Gardens (East and West).

RECOMMENDATIONS

I. That the Mayor review this transmittal and forward to the City Council for further action;

II. That the City Council, subject to the approval of the Mayor:

A. AUTHORIZE the General Manager of the Los Angeles Housing Department (LAHD), or designee, subject to the review and approval of the City Attorney as to form, to negotiate and execute accessibility retrofit Loan and Regulatory Agreements with the legal owner of each project and in the amounts identified in Table 1;

B. AUTHORIZE the General Manager of LAHD, or designee, subject to the review and approval of the City Attorney as to form, to execute subordination agreements of the financial commitment for each of the projects identified in Table 1, wherein the City's Loan and Regulatory Agreements are subordinated to their respective conventional or municipally funded loans; as required;

C. AUTHORIZE the General Manager of LAHD, or designee to:

i. Obligate funds for the projects in amounts not to exceed those listed below:

TABLE 1 - Project Retrofit Funding Obligations			
Owner	Fund Name / No	Appr Acct / Name	Amount
Coronel Apartments, L.P.	Accessible Housing Fund / 10D	43Y698 / Retrofit	\$ 400,000
88th & Vermont, L.P.	Accessible Housing Fund / 10D	43Y698 / Retrofit	\$1,590,000
Rolland Curtis East, L.P.	Accessible Housing Fund / 10D	43Y698 / Retrofit	\$ 743,000
Rolland Curtis West, L.P.	Accessible Housing Fund / 10D	43Y698 / Retrofit	\$ 738,000

D. AUTHORIZE the General Manager of LAHD, or designee, to prepare Controller's 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 the instructions.

BACKGROUND

The Accessible Housing Program (AcHP) ensures that multifamily affordable housing developed with assistance from the City and/or the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) is accessible to people with disabilities. This program was established to ensure the City's compliance with and implementation of the Amended Corrected Settlement Agreement (ACSA), entered into on September 5, 2016, with Independent Living Center of Southern California (ILCSC), et. al. Under the ACSA, the City must provide 4,000 accessible units. As such, AcHP is responsible for surveying previously constructed multifamily affordable housing developments to identify deficiencies and retrofitting them where feasible; accelerating the construction of new and substantially rehabilitated affordable accessible units by requiring 11% mobility and 4% hearing/vision accessible units; and by requiring all developments to adopt, implement, and maintain compliance with consistent rental management policies that address fair housing for people with disabilities. AcHP actively monitors each development's compliance with these policies and applicable accessibility requirements on a quarterly basis. AcHP also monitors compliance with the design and construction of covered housing projects to ensure that they are designed and built to applicable accessibility standards.

Also in response to concerns about the accessibility of the City's affordable housing program, the U.S. Department of Housing and Urban Development (HUD) Office of Fair Housing and Equal Opportunity (FHEO) initiated a compliance review investigation in 2011 under its fair housing and civil rights laws. During the course of the investigation, the FHEO conducted multiple on-site reviews of existing housing developments supported with federal funding and identified conditions that were not fully compliant with all applicable accessibility standards. On August 2, 2019, HUD and the City reached an agreement to resolve these findings resulting in a Voluntary Compliance Agreement (VCA) with a term of 10 years. The HUD/FHEO settlement with the City, concurrently with the ACSA, intends to provide accessibility improvements for persons with disabilities across the affordable multifamily housing program by adding guidelines that the City must uphold. However, the VCA has additional actions and requirements beyond those required under the ACSA. Under the VCA, the City must create 4,031 accessible units, and unlike under the ACSA, the VCA specifically requires that 3,100 of the accessible units must be provided through retrofitting existing developments. Failure to satisfy the VCA's obligations by the expiration of the agreement's term in 2029 could result in a penalty assessment requiring additional accessible units.

To date, 979 units of affordable housing have been certified as accessible. In addition, approximately 1,800 accessible units are currently in construction or pre-development financing stages of LAHD's affordable housing development pipeline. The units currently in process are expected to be completed by the end of 2026.

ACCESSIBILITY RETROFIT OF EXISTING AFFORDABLE HOUSING DEVELOPMENTS

Both the ACSA and VCA allow for the retrofitting of existing affordable housing developments for accessibility as a means by which the City will achieve the 4,031 accessible housing units required by the settlement agreements. In accordance with the settlement agreements, LAHD worked with the private plaintiffs representing the disability community and Evan Terry Associates (ETA), which serves as the City's required Neutral Accessibility Consultant (NAC), to develop the Accessible Housing Unit Plan (AHUP). The AHUP is intended to guide the process of identifying existing developments for accessibility retrofit to ensure geographic distribution of accessible units throughout the City, in a range of unit sizes, and to maximize affordability and access to public transportation and other amenities, in a cost effective and efficient manner. While the AHUP prioritizes the surveying of newer developments for accessibility retrofit ahead of older developments, it also recognizes the opportunity to leverage other capital investments planned for older developments to facilitate retrofitting units in older buildings.

The process for retrofitting an existing development for accessibility begins with the City's NAC reviewing existing building plans and performing a detailed on-site accessibility survey (inspection) of the property to determine what barriers to accessibility exist that must be remediated to meet applicable accessibility standards. The inspection includes all exterior and interior public spaces, including paths of travel, parking, stairs, and community spaces. In addition, all accessible units are inspected for accessibility, and non-accessible units are inspected for adaptability in compliance with the Fair Housing Act (FHA) and the California Building Code as applicable. Based upon the inspection, the NAC prepares a detailed Architectural Accessibility Conditions Report (NAC Report) identifying barriers to accessibility that must be addressed at the development in order to achieve accessibility certification under the ACSA and VCA. Based upon the content of the NAC Report, the property owner works with its contractor to develop a scope of work and cost estimate to complete the accessibility retrofit. AcHP construction staff reviews the scope of work and cost estimate for cost reasonableness and to ensure that all of the accessibility requirements are addressed.

The accessibility retrofits will entail construction work to be performed at occupied housing developments. Property ownership and management will need to coordinate with their contractor and construction crews to minimize disruptions to building operations and tenants. To incentivize property owners to complete the accessibility retrofits, LAHD will offer favorable financing terms. To finance the accessibility retrofits, LAHD will offer no-interest, deferred repayment loans. Loans will be due and payable in full at the same time as existing LAHD or other public financing on the property. Loans will also be subordinate to other existing project financing and be secured by a Deed of Trust recorded on the property title.

The Coronel Apartments, 88th & Vermont, and both the East and West sites of Rolland Curtis Gardens are the first developments to complete the process to be ready to perform accessibility retrofits. LAHD is requesting authority to provide loans totalling up to \$3,471,000 to support the required retrofit work on these sites. The work funded pursuant to this request will result in the remediation of 256 total units and all common areas of the three housing developments across the four sites. This will result in the certification of 40 accessible units and 216 adaptable units, which can be easily converted to provide accessibility if requested by a tenant. This will also

result in common areas, community rooms, paths of travel, parking, and similar development-wide facilities being brought into compliance with accessibility standards. The accessibility improvements cost approximately \$13,600 per unit averaged across the three developments. While it is generally more efficient and cost effective to ensure accessibility compliance is met during initial construction, because of changes in the HUD and Court-approved certification process, these projects were not able to be certified prior to their initial completion. Therefore, the requested amount will allow for certification of these projects and will enable the City to count the accessible units towards the City's settlement obligations.

CORONEL APARTMENTS

The Coronel Apartments is a 54-unit housing development located at 1601 N. Hobart Boulevard in Los Angeles that is affordable to lower-income households earning at or below 60% of Area Median Income (AMI). In 2017, LAHD provided financing totaling \$8,544,000 to Hollywood Community Housing Corporation (HCHC) to develop the project. Although the development was completed and occupied in 2019, the project was not certified as meeting accessibility requirements due to changes in the HUD and Court-approved certification process.

In 2021, ETA performed an accessibility survey of Coronel Apartments and prepared a NAC Report identifying barriers to accessibility needing to be addressed to achieve certification as required by the ACSA and VCA. The NAC Report identified accessibility barriers in public and community areas, such as out of reach storage space, insufficient knee/toe clearances, and inaccessible routes, including doors, stairs, and ramps in common areas that were not consistent with accessibility requirements. In addition, within dwelling units, including within both adaptable units and designated mobility units, some kitchens did not provide sufficient storage or shelf space within the reach range of someone with a disability and did not provide required knee/toe clearance at sinks. Additionally, some electrical receptacles in the units are out of reach range, and some shower controls and grab bars had noncompliant installation.

The estimated budget for the scope of work to address the accessibility barriers at the Coronel Apartments is \$400,000. This estimate includes all hard construction costs, architectural and other fees for review, reports, and monitoring by required Certified Accessibility Specialists (CASps), as well as insurance, and other related and soft costs and contingencies. Upon completion of the accessibility retrofit, the Coronel Apartments will be a fully accessible, 54-unit affordable housing development, including six mobility units, three communication units, 45 adaptable units, with accessible paths, community, and common areas. These nine accessible units, including the mobility and communications units, will count towards the City's obligations under both the ACSA and the VCA.

88th & VERMONT

The project commonly referred to as 88th & Vermont is a 62-unit mixed-use supportive housing development located at 8740-8750 S. Vermont Avenue in Los Angeles that is affordable to lower-income households earning at or below 40% of AMI. In 2018, LAHD provided financing totaling \$13,763,500 to Women Organizing Resources, Knowledge, and Services (WORKS) to develop the project. Although the development was completed and occupied in 2020, the project

was not certified as meeting accessibility requirements due to changes in the HUD and Court-approved certification process.

In 2022, ETA performed an accessibility survey of 88th & Vermont and prepared a NAC Report identifying barriers to accessibility needing to be addressed to achieve accessibility certification as required by the ACSA and VCA. The NAC Report identified accessibility barriers in public and community areas, such as excessive slope in the parking areas and along accessible routes, insufficient maneuvering clearance and excessive slope in door maneuvering areas, noncompliant and inconsistent height, depth, and slope of stairways, insufficient and improperly placed signage, and insufficient knee/toe clearance at common use sinks with dispensers mounted out of reach range. In addition, within dwelling units, including within designated accessible and adaptable units, some kitchens did not provide sufficient storage or shelf space within reach range and did not provide required knee/toe clearance at kitchen sinks. Additionally, drain pipes are not properly insulated to prevent contact, and some electrical receptacles are out of reach range.

The estimated budget for the scope of work to address the accessibility barriers at 88th & Vermont is \$1,590,000.00. This estimate includes all hard construction costs, architectural and CASp fees, insurance, and other related and soft costs, contingencies, and temporary, short-term relocation as necessary. The 88th & Vermont project consists of two separate buildings, each with separate community and common areas and parking, that require accessibility improvements and contribute to the overall cost of the accessibility retrofit. Upon completion of the accessibility retrofit, 88th & Vermont will be a fully accessible, 62-unit affordable housing development, including eight mobility units, three communication units, 51 adaptable units, and accessible paths, community and common areas, and parking. These 11 accessible units, including the mobility and communications units, will count towards the City's obligations under both the ACSA and the VCA.

ROLLAND CURTIS GARDENS

Rolland Curtis Gardens is a mixed-use, transit-oriented development consisting of two affordable housing developments, Rolland Curtis East and Rolland Curtis West, located one block from the University of Southern California and Exposition Park at 1077 W. 38th Street in Los Angeles. Rolland Curtis East and West are each 70-unit affordable housing developments affordable to lower-income households earning at or below 60% AMI. Beginning in 2016, the City provided financing totaling approximately \$7,571,759 to Abode Communities to develop both sites. Although both developments were placed in service in 2019, the projects have not yet been certified as meeting accessibility requirements due to changes in the HUD and Court-approved certification process.

In 2022, ETA performed an accessibility survey of Rolland Curtis Gardens and prepared a NAC Report identifying barriers to accessibility needing to be addressed to achieve accessibility certification as required by the ACSA and VCA. The NAC report identified accessibility barriers in public and community areas, such as excessive slope in the parking areas, at curb ramps, and along accessible routes, insufficient door maneuvering clearance, noncompliant and inconsistent height, depth, and slope of stairways, inaccessible washer and dryers, and insufficient and


improperly placed signage. In addition, within dwelling units, including designated accessible and adaptable units, some kitchens do not provide sufficient storage or shelf space within reach range, sufficient knee/toe clearance is not provided at kitchen sinks, drain pipes are not properly insulated to prevent contact, and some electrical receptacles are out of reach range.

The estimated budget for the scope of work to address the accessibility barriers at Rolland Curtis East is \$743,000 and Rolland Curtis West is \$738,000. This estimate includes all hard construction costs, architectural and CASp fees, insurance, and other related and soft costs, and contingencies and temporary, short-term relocation as necessary. Rolland Curtis Gardens consists of two separate buildings, each with separate common areas, that require accessibility improvements and contribute to the overall cost of the accessibility retrofit. Upon completion of the accessibility retrofit, Rolland Curtis Gardens East and West will be a fully accessible, 140-unit affordable housing development on two sites, including 14 mobility units, 6 communication units, 120 adaptable units, and accessible paths, community and common areas, and parking. These 20 accessible units, including the mobility and communications units, will count towards the City's obligations under both the ACSA and the CSA.

FISCAL IMPACT

Funding for the accessibility retrofit program has already been allocated to AcHP as part of LAHD's approved budget for Fiscal Year 2023-2024. AcHP is funded by the General Fund, and is ineligible for federal funds as required in both the ACSA and VCA.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department