

MOTION

On February 25, 2022, the Council and Mayor approved funding for the development of Alvarado Kent Apartments (Project) located at 707-711 N. Alvarado Street (C.F. #22-0167). The Project will be developed by the Alvarado Kent Apartments, L.P. with SRO Commercial LLC as the General Partner (Developer) and be comprised of 80 supportive housing studio units and 1 one-bedroom manager's unit.

On June 15, 2022, the Project was awarded an allocation of federal low-income housing tax credits valued at \$24,859,000 with a deadline for closing construction financing by December 23, 2022. Interest rates and insurance costs have risen dramatically since then, increasing construction costs and reducing the Project's permanent loan amount to create a Project shortfall. In the current post-COVID environment, tax credit investors are taking risk mitigation measures including increasing operating reserve and construction contingency requirements. To help minimize these impacts the Developer has deferred most of its developer fee and extended the term of the loan out to 35 years. Investors have also agreed to waive fees, reduce returns, and increase the price paid for the tax credits.

Additional steps are required, however, to close the Project shortfall. To do so, LAHD seeks authority to use additional Housing Opportunities for People With AIDS (HOPWA) funding given that this Project is located in the Los Angeles County Department of Public Health's SPA 4 region, where 35 percent of the population, or 18,317 people, are HIV positive. This is the highest need area in Los Angeles County. LAHD seeks authority to increase its existing \$1,000,000 commitment of HOPWA funds by \$2,041,645. With these additional HOPWA funds, the Project would serve a total of 20 HIV positive individuals. The total HOPWA commitment of \$3,041,645 and the existing \$7,400,000 HOME commitment would bring the City's contribution to a cumulative \$10,441,645 or \$130,520 per unit.

I THEREFORE MOVE that the City Council, subject to approval of the Mayor, authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to:

1. Increase funding by \$2,041,645 in Housing Opportunities for People With AIDS (HOPWA) funds to Alvarado Kent Apartments, L.P. for the Alvarado Kent Apartments located at 707-711 N. Alvarado Street (Project), as noted below, and cause these funds to be transferred to the appropriate accounts to effectuate an increase in funding for the Project:

Fund No	Account	Amount
HOPWA		
569	43P440	\$ 295,397
569	43T440	\$1,746,248
Total		\$ 2,041,645

2. Negotiate, amend, and execute loan amendments, covenant amendments, subordination agreements and other documents as necessary to reflect the new amounts, subject to the approval of the City Attorney as to form, and make any technical corrections to the fund transfer instructions as necessary to effectuate the intent of the Motion; and
3. Prepare Controller Instructions, subject to the approval of the Chief Legislative Analyst.

I FURTHER MOVE that the Controller be authorized to implement the instructions and expend funds upon receipt of proper demand by the General Manager of LAHD, or designee.

PRESENTED BY: _____

MITCH O'FARRELL

Councilmember, 13th District

SECONDED BY: _____

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