

MOTION

On September 24, 2018 (C.F. 17-0090-S8), the Los Angeles City Council approved an HHH award in the amount of \$11,520,000 for Southside Seniors to provide 50 units of supportive housing. The total project cost was \$23,401,907.

In January 2023 (C.F. 23-0206), the Los Angeles City Council approved an additional \$2,300,000 for Southside Seniors through the Los Angeles Housing Department's Fast Track program which sought to close financing gaps for previously underwritten and funded LAHD projects that were severely impacted by market conditions caused by COVID-19. This brought the total LAHD contribution for Southside Seniors to \$13,820,000, or \$276,400 per unit. The Council approved another tranche of Fast Track assistance on May 28, 2025; however, Southside Seniors will not be eligible to receive the funding as it has already been awarded financing through the Fast Track program.

On February 28, 2025, the project received its Certificate of Occupancy and as of May 1, 2025, 86 percent of the building was leased. However, after the project completed construction, the Housing Authority of Los Angeles (HACLA) reduced its payment standards for six of eight rental tiers based on geographic location, which included the location of Southside Seniors. As a result of the decrease in operating subsidy from HACLA, the project lost previously committed permanent financing from their conventional lender, as it impeded the lender from a previously agreed upon repayment schedule, and resulted in a \$2,700,000 loss for the project's permanent capital financing.

While the project has completed construction and has nearly completed lease up, the permanent financing for the project supports the on-going operations of the building, which also relies on the availability of rental subsidies. The developer has explored options to fill the \$2,700,000 loss, including applying for State dollars and negotiating with equity investors and philanthropic sources. However, the developer has been unable to secure additional sources of funding.

This project has met LAHD's initial underwriting criteria, and, like many projects, experienced the impacts of COVID-19, but this project has also been uniquely impacted by changes to its operating subsidy, which were completely out of the developer's control. The project conforms with LAHD requirements, barring this uncontrollable factor.

Since the project is complete, has leased up the majority of its units, and has sought other options to no avail, LAHD should close this final financing gap to ensure that this housing asset remains sustainable throughout its operative life.

I THEREFORE MOVE that the City Council:

- A. Direct the Los Angeles Housing Department (LAHD) General Manager, or designee, to:
 1. Effectuate a loan of up to \$2,700,000 from the Home Investment Partnership Program (HOME) funds to Southside LA Housing Partners, LP. for the Southside Senior Housing Project development located at 1655 Manchester Avenue (Project); and



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2. Draft, negotiate and execute loan documents to provide a loan of up to \$2,700,000 for the Project, subject to review and approval of the City Attorney as to form.
- B. Authorize the Controller to obligate and disburse up to \$2,700,000 for the following project.

Project Name	Fund	Account	Amount
Southside Seniors	HOME - 561	43Y800 - Affordable Housing Managed Pipeline	\$2,700,000

- C. Disburse HOME funds from the loan upon review by LAHD and the City Attorney and a determination by LAHD, in its sole discretion, that disbursed funds will be used to pay appropriate construction costs that must be paid in order for the project to convert to permanent financing and repay the senior construction loan.
- D. Authorize the LAHD General Manager, or designee, to make any necessary technical corrections consistent with the Mayor and Council actions, subject to the approval of the City Administrative Officer and authorize the Controller to implement these instructions.

PRESENTED BY:


MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY:



ORIGINAL