

City of Los Angeles

Tiena Johnson Hall, General Manager
Luz C. Santiago, Acting Executive Officer



LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd, Ste 300
Los Angeles, CA 90026
Tel: 213.808.8808

Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager
Craig Arceneaux, Assistant General Manager

housing.lacity.gov

Karen Bass, Mayor

October 22, 2025

Council File: NEW
Council Districts: 1
Contact Persons: Steven Swede: (213) 808-8664
Peter Havas: (213) 808-8993

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR AUTHORITY TO AMEND LOAN AGREEMENT AND SUBORDINATE CITY LOANS TO ALLOW THE BORROWER TO RECEIVE NEW FINANCING.

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to take recommended actions related to amending the loan agreement terms of the property owned by 12129 El Dorado Ave, LP, to allow them to seek valuable financial opportunities

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute all documents required to extend the loan term for the El Dorado Family Apartments (HOME loan BA0517) to mature on November 13, 2061, and align with the affordability restrictions expiration date; General Manager of LAHD, or designee, to negotiate and execute all documents required for El Dorado Family Apartments per the terms of the loan agreement or as set forth herein; and,
 - B. INSTRUCT the City Attorney to prepare all necessary documents, including but not limited to a renewal and modification of a loan agreement (and/or amendments and restatements of any necessary documents) to preserve and support an affordable housing project on the properties located at El Dorado Family Apartments; and any other technical adjustments that may be required or deemed appropriate.

BACKGROUND

In 2005, 12129 El Dorado Avenue, L.P. (the “Partnership”) was formed to acquire, develop, and operate the El Dorado Family Apartments (the “Project”), a 60-unit affordable family housing development located in Sylmar, California, within Council District 7. All units are restricted to households earning between 30% and 60% of Area Median Income (AMI). The unit mix consists of 18 one-bedroom units, 24 two-bedroom units, and 18 three-bedroom units.

The Project was originally financed with a \$5,800,000 City HOME loan (C.F. No. 05-0685-S1), bearing 5% simple interest and structured for repayment through residual receipts over a 42-year term, maturing November 13, 2048. As of September 23, 2025, the outstanding principal and accrued interest total \$10,393,041.63. Affordability restrictions under the City Home regulatory agreement remain in effect until November 13, 2061.

In 2005, under its former board, the Project also received a \$2,000,000 loan from the Community Redevelopment Agency of Los Angeles (CRA/LA), bearing 3% simple interest and structured for repayment through residual receipts over a 55-year term, maturing in November 15, 2061. As of September 23, 2025, the outstanding principal and accrued interest total \$2,906,423.35. Affordability restrictions under the City CRA covenant remain in effect until September 1, 2062. The Partnership is in compliance with all applicable LAHD regulatory and reporting requirements for both loans.

In 2025, the Partnership sought to refinance its first mortgage, which carries a balloon payment of approximately \$1.8 million due in May 2027. The proposed new loan of \$1,964,400, with a 30-year fully amortizing term at an estimated interest rate of 6.33% (204 bps over the U.S. Treasury yield), will eliminate the balloon payment and strengthen the Project’s long-term financial stability. The loan requires a 1.25 debt coverage ratio, which is supported by current operating projections.

As a condition of the new financing, the senior lender requires that all existing City loans be subordinated and mature after the new loan’s term. Accordingly, LAHD would need to extend the City HOME loan maturity date to a date that matures after the year 2055 and execute subordination agreements for the City HOME loan and the City CRA loan, which would place the City loans in second and third-lien positions.

Extending the HOME loan maturity and subordinating the City loans will reduce the City’s financial exposure related to the 2027 balloon payment, mitigating the City’s risk of loss in the event of default on the senior loan. Additionally, it would strengthen the Project’s financial position through the fully amortized loan, ensuring repayment capacity to LAHD. The refinancing will also generate approximately \$60,000 in operating cash to support reinvestment, which will be directed toward property maintenance, reserves, and tenant needs, thereby preserving the Project’s long-term affordability and habitability without requiring additional City subsidy.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

A handwritten signature in black ink, appearing to read "Tiena Johnson Hall", is written over a horizontal line.

TIENA JOHNSON HALL
General Manager
Los Angeles Housing Department