

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

Anna E. Ortega, Assistant General Manager
Emilyzen Cervantes, Assistant General Manager
Craig Arceneaux, Assistant General Manager

City of Los Angeles



Karen Bass, Mayor

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

housing.lacity.gov

September 22, 2026

Los Angeles City Council
City of Los Angeles, c/o the City Clerk
Room 395, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attn: Sharon Gin, Legislative Assistant

CORRECTION TO COUNCIL FILE NO. 26-1157

The Los Angeles Housing Department (LAHD) respectfully submits a revised transmittal for authority to amend loan agreements with Los Angeles Family Housing (Council File No. 26-1157).

The LAHD transmittal required several changes by the Office of the City Attorney. Specifically, these updated changes are included in each section of the transmittal; i.e., Summary, Recommendations, Background and Request. The attached new version of the transmittal will replace the original report submitted on August 20, 2026.

Sincerely,

Tiena Johnson Hall
General Manager

City of Los Angeles

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REVISED

September 22, 2026

Council File: 26-1157
Council Districts: 1, 2
Contact Persons: Rochelle Cox (213) 808-8960
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 AGREEMENTS WITH LOS ANGELES FAMILY HOUSING**

SUMMARY

The General Manager of the Los Angeles Housing Department (“LAHD”) respectfully requests authority to enter into new loan agreements with Los Angeles Family Housing (“LAFH”), for the purpose of stabilizing two (2) affordable housing properties (Strong Residence and Harmony Place Apartments), providing a regulatory agreement for affordability for six (6) restricted units at the Strong Residence, and extending affordability for 18 restricted units at Harmony Place Apartments.

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 for Strong Residence and Harmony Place Apartments;
 - B. INSTRUCT the City Attorney to prepare all necessary documents including, but not limited to, a recasting of project debt and a new loan agreement (and/or amendments and restatements of any necessary existing documents) to preserve and support affordable housing units at the Strong Residence property by establishing a new loan maturity date up through and including June 10, 2045; and
 - C. INSTRUCT the City Attorney to prepare all necessary documents including, but not limited to, a recasting of project debt and a new loan agreement (and/or amendments and restatements of any necessary existing documents) to preserve and support affordable housing units at the Harmony Place Apartments property

by establishing a new loan maturity date up through and including September 19, 2040 and updating the reserve requirements to be consistent with current LAHD standards; and,

- D. AUTHORIZE any other technical adjustments to the new loan agreements and other documents as deemed necessary by the City Attorney to implement the changes outlined in this transmittal.

BACKGROUND

In April of 2013, the General Manager of LAHD signed and fully executed a Transfer Agreement and accepted the housing assets of the former Community Redevelopment Agency of the City of Los Angeles (“CRA/LA”, C.F. No. 12-0049). Among the housing assets received were two (2) affordable housing projects owned by LAFH, Strong Residence and Harmony Place Apartments.

Strong Residence

In 1990, CRA/LA entered into a Disposition and Development Agreement (“DDA”), a Promissory Note, Deed of Trust, and Ground Lease with L.A. Family Housing Corporation (“LAFH”, Assignor) to relocate and rehabilitate six (6) units to 826 Coronado Street, a site owned by CRA/LA. The Leasehold Deed of Trust was executed on October 5, 1990 for a loan amount of \$908,901. On December 16, 1991, CRA/LA increased the loan amount by \$90,810 for additional rehabilitation costs with a First Implementation of DDA for a total loan amount of \$999,711. The ground lease was executed on October 5, 1990 for a 55-year term with an option to renew for an additional 44 years upon expiration. The 55-year term expires on June 10, 2045. The Leasehold Deed of Trust and Memorandum of Ground Lease currently remain as encumbrances against the property. The loan matured on July 8, 2022. To date, LAFH has not repaid the outstanding loan balance, which includes all unpaid accrued interest. The remaining original principal loan balance as of September 15, 2026 is \$999,711 The unpaid accrued interest as of September 15, 2026 is \$978,582.

LAHD shall enter into a new loan agreement with LAFH for the remaining original principal loan balance and any and all unpaid accrued interest with a new loan maturity date of June 10, 2045, to be consistent with the expiration of the Ground Lease.

LAHD has since discovered that there is no separate affordability covenant for this property. Unit affordability appears in Section IV A(401)3(a) of the DDA and in Section V(A)(3)(a) of the Ground Lease. The affordability term restricts 100% of the six (6) units to very low income households whose income does not exceed 50% of the area median income for a 55-year affordability period with the affordability expiring on June 10, 2045. As such, LAHD will memorialize the affordability restrictions established in the DDA and the Ground Lease with a new regulatory agreement to restrict the six (6) units to very low income households whose income does not exceed 50% of the area median income with the affordability expiring on June 10, 2045.

Harmony Place Apartments

On October 4, 1991, CRA/LA entered into a loan agreement, a Promissory Note, and Deed of Trust with L.A. Family Housing Corporation (“LAFH”, Assignor) for \$2,291,000 to construct 18 two-bedroom units at 5321 Harmony Drive. LAHD records indicate that the principal balance remaining for the loan was \$1,591,000 at the time of the asset transfer from CRA/LA to the City. The loan was issued in the form of a residual receipts loan

with a 30-year term with a three percent (3%) simple interest rate. The residual receipts split was 50% to CRA/LA and 50% to LAFH. The loan matured on November 18, 2022. To date, LAFH has not repaid the outstanding loan balance, which includes all unpaid accrued interest. The remaining original principal loan balance as of September 15, 2026 is \$1,591,000. The unpaid accrued interest as of September 15, 2026 is \$1,640,416.

LAHD shall enter into a new loan agreement with LAFH for the remaining original principal loan balance and any and all unpaid accrued interest with a new loan maturity date of September 19, 2040.

The Agreement Containing Covenants Affecting Real Property restricts 100% of the 18 units to very low income households (50% of the area median income), low income households (80% of the area median income), and moderate income households (120% of the area median income) for a 30-year affordability period. The affordability for the property expired on September 20, 2020. As such, LAHD shall also enter into an amended regulatory agreement to restrict the 18 affordable units up through and including September 19, 2040.

Request

Strong Residence

For Strong Residence, LAHD is requesting the authority to establish a new loan term to be coterminous with the Ground Lease and to create a new regulatory agreement that is coterminous with the Ground Lease. The repayment of the LAHD loan and the Ground Lease rent is in the form of residual receipts payments. LAFH's residual receipts payments as calculated by LAHD for Years 2021-2024 are as follows: (1) \$17,625 for 2024; (2) \$20,910 for 2023; (3) \$1,766 for 2022; (4) \$19,820 for 2021; and (5) \$0 for Year 2020, as LAHD's residual receipts projection for Year 2020 reflects that the project experienced a negative cash flow. LAFH does not receive any of the positive cash flow. Fifty percent (50%) of the residual receipts, if any, are applied to the LAHD residual receipts loan payment and the remaining 50% is applied to the Ground Lease payment. Based on LAHD's analysis, the project cannot pay off the existing LAHD debt or refinance the debt due to low cash flows. The proposed changes to the matured LAHD loan are as follows:

- Draft a new loan agreement for the remaining unpaid principal loan balance and the unpaid accrued interest balance with a new maturity date up through and including June 10, 2045 to be coterminous with the Ground Lease term.
- Complete any other technical adjustments that may be required or deemed appropriate by the Office of the City Attorney.

Harmony Place Apartments

For Harmony Place, LAHD is requesting the authority to establish a new loan term and new regulatory agreement term up through and including September 19, 2040. The repayment of the LAHD loan is in the form of residual receipts payments. LAHD's residual receipts for Years 2020-2024 are as follows: (1) for Year 2024, the project experienced negative cash flow; (2) \$15,705 for Year 2023; (3) \$0 for Year 2022; (4) 0 for Year 2021; and (5) \$0 for Year 2020. Fifty percent (50%) of the residual receipts, if any, go to LAFH and 50% goes to LAHD. Based on LAHD's analysis, the project cannot pay off the existing LAHD debt or refinance the debt due to negative cash flows. The proposed changes to the matured LAHD loan are as follows:

- Draft a new loan agreement for the remaining unpaid principal loan balance and the unpaid accrued interest balance with a new maturity date up through and including September 19, 2040.
- Update the reserve requirements to be consistent with current LAHD standards.
- Complete any other technical adjustments that may be required or deemed appropriate by the Office of the City Attorney.

In conclusion, the requested new loans will provide a pathway to stabilizing the cash flow for both projects, while protecting the affordability of the combined 24 very low income, low income, and moderate income units.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

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

TIENA JOHNSON HALL

General Manager

Los Angeles Housing Department