

## REPORT OF THE PRESIDENT &amp; CEO

October 22, 2020

**RESOLUTION AUTHORIZING THE TRANSFER OF PROPERTIES LOCATED AT 136 E. 120<sup>TH</sup> ST., 140 E 120<sup>TH</sup> ST., HARBOR RIVIERA, 303 MCDONALD, 312 W. 120<sup>TH</sup> ST., 6108 VICTORIA AVE, 732-739 LACONIA ST., 819 E. 120<sup>TH</sup> ST., CLEMSON MARKET, PARTHENIA, SYLMAR APARTMENTS (“CHASE PROPERTIES”), BARBARA ANN APARTMENTS, BRITTANIA APARTMENTS, GLENALBYN APARTMENTS, SEPULVEDA APARTMENTS, WYANDOTTE APARTMENTS, YOSEMITE APARTMENTS (“REFLECTION PROPERTIES”), RESEDA EAST, RESEDA MANOR (“THE RESEDAS”), DANA ST. APARTMENTS AND GIBRALTAR APARTMENTS (COLLECTIVELY THE “TRANSFERRED PROPERTIES”) FROM THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES TO LOS ANGELES LOMOD SOUTH, INC. AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**




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Douglas Guthrie  
President & Chief Executive Officer




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Tina Smith-Booth  
Director of Asset Management

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**Purpose:** In order to consolidate ownership of Asset Management properties with Housing Authority (“Authority”) instrumentalities to effectuate greater efficiency and minimize potential liability risk, the Authority wishes to transfer the above Transferred Properties from direct HACLA ownership to one of its non-profit instrumentalities, Los Angeles LOMOD South, Inc. (the “Corporation”)

A recorded Grant Deed for each property will document the transfer of ownership and the Corporation will execute a Certificate of Acceptance for the Properties after its Board of Directors approves the transfer by Resolution on October 22, 2020.

**Background:** The Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law under the direct control of the Housing Authority. The Corporation currently owns 52 properties in the Asset Management portfolio, which includes all of the properties not required to have single-purpose entity ownership as a bond financing requirement. The ownership change will result in increased efficiency in the administration and operation of the Transferred Properties, as well as minimizing potential liability to the Authority.

**Issues:** Several of the Transferred Properties have outstanding debt, (the Chase and Reflections Properties), that will be transferred or assigned to the Corporation, and some of the Transferred Properties have current HAP contracts with the Authority and HUD.

### **Chase Properties**

The Chase Properties were originally financed with private placement debt from WaMu Bank whose interests were subsequently transferred to J.P. Morgan Chase, N.A. ("Chase"). Pursuant to the current Financing Agreement ("Financing"), any transfer of these properties requires written consent from Chase. The loan on the Chase-financed properties is in effect until January 2037 with an outstanding balance of \$12,917,347. In addition, the Authority may need to pay a transfer or administrative fee to Chase for approval of the transfer and there are no assurances that Chase will approve the transfer to an Authority instrumentality. Potential admin or transfer fees charged by Chase will be minimal.

The properties that are financed under the Financing are:

- 136 E. 120<sup>th</sup> St. Apartments
- 140 E 120<sup>th</sup> St. Apartments
- Harbor Riviera Apartments
- 303 McDonald Apartments
- 312 W. 120<sup>th</sup> St. Apartments
- 6108 Victoria Ave. Apartments
- 732-739 Laconia St. Apartments
- 819 E. 120<sup>th</sup> St. Apartments
- Clemson Market Apartments
- Parthenia St. Apartments
- Sylmar Apartments

### **Reflections Properties**

The Reflections Properties currently have outstanding loans with the California Housing Financing Agency ("CalHFA") in the aggregate amount of \$4,229,134 and which terminate in March 2025. Pursuant to the various Loan Agreements, CalHFA must provide written approval of the ownership change from the Housing Authority before the transfer may occur. CalHFA will provide a list of requirements for the Authority to fulfill before they will provide written consent for the ownership transfer to an Authority instrumentality. CalHFA expects that the approval will take approximately ninety days. The Reflections Properties that currently have loans with CalHFA are:

- Barbara Ann Apartments
- Brittania Apartments
- Glenalbyn Apartments
- Sepulveda Apartments
- Wyandotte Apartments
- Yosemite Apartments

**HAP Contracts with the Authority**

The Reflections Properties listed above are currently under a PBV HAP contract with the Authority. This contract will be transferred to the Corporation.

**HAP Contracts with Contract Administrators**

The following Reseda properties no longer have loans with CalHFA, however, CalHFA currently serves as the HAP Contract Administrator. HUD has indicated that it will approve an Assignment and Assumption of HAP Contract to the Corporation and will consent to the HAP Assumption. The Resedas will continue to be administered by CalHFA at the discretion of HUD. The Resedas with a HAP Contract administered by CalHFA are.

- Reseda East
- Reseda Manor

Timeline:

The Authority expects to begin the transfer process of the properties in November and complete this process in June 2021. The estimated timeline is below:

**Timeline for Transferred Properties**

Property	Unit Count	Transfer Month	Total Count
Reflections at Glenalbyn (8026)	58	Nov-20	58
Gibraltar (8018)	24	Feb-21	77
Dana Apartments (8001)	10		
Reflections at Britannia (8025)	43		
Clemson Market (8030)	16	Apr-21	150
Parthenia (8031)	22		
Sylmar Apartments (8035)	32		
140 E 120th St (8036)	7		
6108 Victoria Ave (8037)	7		
136 E 120th St (8038)	7		
312 W 120th St (8039)	6		
819 East 120th St (8040)	8		
732-739 Laconia Blvd (8041)	13		
303 McDonald Ave (8042)	11		
Harbor Riviera (8044)	21		
Reflections at Yosemite (8029)	100	Jun-21	293
Reflections at Barbara Ann (8024)	64		
Reflections at Sepulveda (8027)	51		
Reflections at Wyandotte (8028)	78		

Vision Plan: PLACE Strategy #2: Increase functionality and effectiveness of the Asset Management portfolio. Ownership of these properties by an Authority nonprofit instrumentality will increase administrative efficiency and reduce potential liability to the Authority.

Funding: The Chief Administrative Officer Confirms the Following:

*Source of Funds:* This transfer is an administrative process only. Any administrative expenses will be paid from available funds from the Asset Management Rent Subsidy portfolio.

*Budget and Program Impact:* Based on similar transactions, the budget impact is minimal, as any related expense is a one-time expense. There will be some nominal recordation fees for the new documents. In-house legal counsel was used, so no additional expenses will be incurred for document preparation. Properties will continue routine operations; no program impact other than the administrative change.

Environmental Review: Not applicable

Section 3: Although not specifically applicable to this action, each property management company will continue to comply with the Section 3 requirements listed in its most recent Economic Opportunity Plan.

Attachment:

1. Resolution

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE TRANSFER OF PROPERTIES LOCATED AT 136 E. 120<sup>TH</sup> ST., 140 E 120<sup>TH</sup> ST., HARBOR RIVIERA, 303 MCDONALD, 312 W. 120<sup>TH</sup> ST., 6108 VICTORIA AVE, 732-739 LACONIA ST., 819 E. 120<sup>TH</sup> ST., CLEMSON MARKET, PARTHENIA, SYLMAR APARTMENTS (“CHASE PROPERTIES”), BARBARA ANN APARTMENTS, BRITANNIA APARTMENTS, GLENALBYN APARTMENTS, SEPULVEDA APARTMENTS, WYANDOTTE APARTMENTS, YOSEMITE APARTMENTS (“REFLECTION PROPERTIES”), RESEDA EAST, RESEDA MANOR (“THE RESEDAS”), DANA ST. APARTMENTS AND GIBRALTAR APARTMENTS (COLLECTIVELY THE “TRANSFERRED PROPERTIES”) FROM THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES TO LOS ANGELES LOMOD SOUTH, INC. AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, In order to consolidate ownership of Asset Management department properties with Housing Authority (“Authority”) instrumentalities to effectuate greater efficiency and minimize potential liability risk, the Authority wishes to transfer the above properties (“Transferred Properties”) from direct HACLA ownership to one of its non-profit instrumentalities, Los Angeles LOMOD South, Inc. (the “Corporation”);

**WHEREAS**, the Board of Directors of the Corporation approved by Resolution, the transfer of the Transferred Properties on October 22, 2020 and its President was directed to execute a Certificate of Acceptance;

**WHEREAS**, a recorded Grant Deed will evidence the transfer of ownership of the Transferred Properties from the Housing Authority to the Corporation;

**WHEREAS**, the Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law and is under the direct control of the Authority;

**WHEREAS**, the Corporation currently owns fifty-two (52) properties in the Asset Management portfolio, including all of the properties not required to have single-asset entities pursuant to a related bond financing;

**WHEREAS**, the ownership change will result in increased efficiency in the administration and operation of the Transferred Properties, as well as a reduction in potential liability to the Authority;

**WHEREAS**, outstanding debt held by J.P. Morgan Chase, N.A. (“Chase”) for 136 E. 120<sup>TH</sup> St., 140 E 120<sup>TH</sup> St., Harbor Riviera, 303 McDonald, 312 W. 120<sup>TH</sup> St., 6108 Victoria Ave, 732-739 Laconia St., 819 E. 120<sup>TH</sup> St., Clemson Market, Parthenia, Sylmar Apartments the (“Chase Properties”) and outstanding debt with California Housing Finance Agency for Barbara Ann Apartments, Britannia Apartments, Glenalbyn Apartments, Sepulveda Apartments, Wyandotte Apartment and Yosemite Apartments (“CalHFA Properties”) will be transferred or assigned to the Corporation;

**WHEREAS**, pursuant to the Financing Agreement the transfer of the Chase Properties is contingent on the written approval of Chase and may be also subject to the potential payment by the Authority of minimal administrative transfer fees;

**WHEREAS**, the transfer of the CalHFA Properties is contingent on the written approval of CalHFA and subject to their receipt of certain requirements; and

**WHEREAS**, HUD has stated that it will approve an Assignment and Assumption of HAP Contract to the Corporation for the Reflection Properties and will consent to the HAP Assumption by the Corporation; and

**WHEREAS**, CalHFA is the current Contract Administrator for the CalHFA properties and will continue being the Contract Administrator upon approval of the transfer; and

**WHEREAS**, the transfer process will begin upon approval of this Resolution and will continue in stages until completion in June 2021; and

**WHEREAS**, this property ownership transfer is primarily an administrative process and any minimal expenditures will be paid from available revenues from the Rent Subsidy portfolio.

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct, and this Board of Commissioners so finds.

Section 2. The Authorized Representatives and officers of the Authority, including the President and CEO, or Designees, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the transactions contemplated in this Resolution are hereby approved and ratified, and the officers of the Authority and the authorized deputies and employees of the Authority, and each of them, including the President and CEO, or Designees, are hereby authorized and directed to do any and all things and to enter into and execute, acknowledge and deliver any and all forms and agreements, with the approval of counsel, to effectuate the purpose of this Resolution without further approval of the Authority.

**BE IT FURTHER RESOLVED** that this Resolution shall be effective upon its adoption

**PASSED AND ADOPTED** by the Housing Authority of the City of Los Angeles this 22nd day of October, 2020.

APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

JAMES JOHNSON

By: \_\_\_\_\_  
General Counsel

By: \_\_\_\_\_  
Chairperson, Ben Besley

DATE ADOPTED:  
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*8/2/20  
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10/12/20*