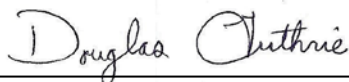


RESOLUTION AUTHORIZING DEDICATION OF FIFTY-SIX (56) SECTION 8 PROJECT-BASED VOUCHERS TO JORDAN DOWNS PHASE S4 PURSUANT TO PROVISIONS IN THE HOUSING OPPORTUNITIES THROUGH MODERNIZATION ACT OF 2016 AND AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE ANY AND ALL CONTRACTS/DOCUMENTS REQUIRED FOR THE PROGRAM



Douglas Guthrie
President and CEO



Carlos VanNatter
Director, Section 8



Jenny Scanlin
Chief Strategic Development Officer

Purpose: To provide fifty-six (56) project based vouchers to the Jordan Downs Phase S4, Limited Partnership (the "Owner") pursuant to the Housing Opportunities Through Modernization Act of 2016 ("HOTMA"). The provision of project-based vouchers lends needed operating subsidy and leverage to the developer, The Michaels Development Company I, L.P., a New Jersey limited partnership (the "Developer"), in their application to the State of California's Multifamily Housing Program ("MHP") Program for the redevelopment of Phase S4.

Phase S4 will be comprised of ninety (90) apartments and developed on a 1.99-acre parcel. The development site is located on 101st and Grape Street, across from the Phase S2 & Phase S3 Projects, south of Century Boulevard.

Regarding: On June 28, 2012 by Resolution 8969, HACLA's Board of Commissioners unanimously authorized the President and CEO to execute a Master Development Agreement ("MDA") with Jordan Downs Community Partners, LLC, ("Master Developer"), a joint venture of the BRIDGE Housing Corporation ("BRIDGE") and The Michaels Development Company I, L.P., a New Jersey limited partnership ("Michaels"), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012 and subsequently amended with Board approval on December 22, 2016 by Resolution No. 9327 and on April 28, 2016, by Resolution No.9282.

On December 19, 2019 by Resolution 9563, HACLA's Board of Commissioners adopted an updated Administrative Plan for Section 8, incorporating new HOTMA standards that allow HACLA to non-competitively award project-based vouchers to developments where HACLA is both an owner of the underlying fee title and where Section 9 public housing units are incorporated or are being converted.

Issues:

Background HACLA desires to continue to transform the Jordan Downs public housing community into an environmentally friendly, vibrant, urban village, conducive to healthy living and economically progressive conditions. The redevelopment plan for Jordan Downs is

intended to ignite a renewal in the greater south Los Angeles community. HACLA initiated a long-range plan to redevelop Jordan Downs in 2008. These efforts included acquiring an adjacent site and establishing the Jordan Downs Community Advisory Committee in 2008, preparing a Community-Based Master Plan in 2009, which ultimately led to the drafting and adoption of a Specific Plan and Environmental Impact Report (“EIR”) in 2011.

*Development
Status:*

Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. This collaboration has involved conducting a site plan and architectural studies and pursuing competitive and non-competitive financing for each phase. Phase 1A, was completed by BRIDGE, delivered 115 apartment units to the community and is now 100% occupied. The Michaels Organization is scheduled to complete Phase 1B, a 135-unit residential development in October 2020. Phase S3, a 93-unit residential development and Area H, an 80-unit residential development are under construction with tentative completion in 2023 and 2021 respectively.

Primestor’s Phase 1C commercial development, Freedom Plaza, a 118,000 square foot commercial retail shopping center was completed in November 2019. Several of the stores are now open, including anchor tenants, and other retail commercial tenants are currently undergoing tenant improvements.

PBV Authority:

On October 30, 2017, the Department of Housing and Urban Development issued Notice PIH 2017-21 providing guidance to public housing agencies (“PHAs”) regarding changes to the Project-Based Voucher (“PBV”) program made by “HOTMA”. HOTMA section 8(o)(13) (N) allows a PHA to attach PBV assistance to units in a project in which the PHA has an ownership interest or over which the PHA has control without following a competitive process. In order to exercise this authority, the PHA must be engaged in an initiative to improve, develop, or replace a public housing property or site. Attachment L to PIH Notice 2017-21 and HACLA’s Section 8 Administrative Plan describe the conditions for a non-competitive award. The following conditions must be met:

- (a) The PHA must be engaged in an initiative to improve, develop, or replace the public housing properties or sites. The public housing properties or sites may be in the public housing inventory or they may have been removed from the public housing inventory through any available legal removal within 5 years of the date on which the PHA entered into the AHAP or HAP pursuant to the non-competitive selection.
- (b) A minimum threshold of \$25,000 in hard costs per-unit is required for new construction.
- (c) The PHA must explain in its Administrative Plan the work it plans to do on the property or site and how many units of PBV it plans to add.

The Project meets the criteria to receive a non-competitive award of PBV assistance based on (i) HACLA being the lessor under the Ground Lease, (ii) HACLA engagement in the replacement of public housing units at the Project property, and (iii) per-unit hard Project costs of greater than \$25,000. In addition, HACLA expects to participate in the Project ownership entity and the redevelopment of Jordan Downs Phase S4 and commitment of project-based vouchers as a source for replacement and non-replacement units is in the Section 8 Administrative Plan.

This report recommends dedicating fifty-six (56) Section 8 Project-Based Vouchers (“PBV”) to Phase S4 that will include thirty-nine (39) replacement vouchers and seventeen (17) non-replacement vouchers of which fourteen (14) will be dedicated to homeless housing providing intensive case management assisting in the transition of being housed and three (3) will be set as non-replacement units with the intention of creating deeper affordability through tax credits. All other replacement and non-replacement units will have access to onsite supportive services meeting Section 8’s normal provisions for supportive services and reaching households at or below 50% AMI. Although HACLA will make the request from HUD to allocate and utilize Tenant Protection Vouchers, residents will be given the choice of taking those vouchers off-site. Therefore, in order to expedite the Project’s ability to compete for funding, produce reasonable assumptions of rental income received from vouchers and expedite delivery of units, the attachment of Project-based Vouchers to Phase S4 is recommended.

Subject to receipt of a Low Income Housing Tax Credit award, MHP funding and all other necessary funding approvals, Jordan Downs Phase S4 is projected to achieve financial closing, start construction in March 2023, and achieve construction completion in late summer 2024.

*Developer/
Ownership*

Pursuant to the MDA, Jordan Downs Community Partners, LLC has assigned its rights and obligations to develop and own Phase S4 to Jordan Downs Phase S4, LP, a California limited partnership. The current General Partner of Jordan Downs Phase S4, LP is Jordan Downs Phase S4-Michaels LLC, a California limited liability company, whose manager is The Michaels Development Company I, L.P. If approved by its Board of Directors, La Cienega LOMOD, Inc., an instrumentality of HACLA and a California nonprofit public benefit corporation (“La Cienega”), will be admitted into the Partnership as the Managing General Partner (.0049% ownership share) and Jordan Downs Phase S4-Michaels LLC, a California limited liability company (an affiliate of Michaels) will be admitted as the Administrative General Partner (.0051% ownership share).

The current limited partners are Michael J. Levitt and Andrew Bocchino, but these individuals will be substituted with a tax credit investor upon closing of the financing for the transaction and the execution of a new Amended and Restated Limited Partnership Agreement.

Vision Plan: PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

The development of Phase S4 will allow for the construction of 90 new housing units of which 56 are replacement that will include thirty-nine (39) replacement vouchers and seventeen (17) non-replacement vouchers of which fourteen (14) will be dedicated to supportive housing for homeless and three (3) will be set as non-replacement units to improve affordability. This development will further HACLA’s goals of improving its affordable housing stock as well as improved ADA-compliant, modern, sustainably designed, and amenitized units. This action will help HACLA extend the life of critical, deeply affordable housing in the City of Los Angeles to serve existing public housing residents and future income-qualified households from HACLA’s active public housing and Section 8 wait lists as well as the community of Watts.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: This action does not immediately require or expect to incur additional costs for the Authority

Budget and Program Impact: Use of project-based vouchers is an effective approach to maintain deeply affordable housing in public housing conversion projects and provides needed operating subsidy to address the extraordinary costs associated with maintaining significant new infrastructure and open space improvements as well as deep service provision. The use of HACLA resources to support the preservation and expansion of affordable housing is aligned with the Authority's budget and program goals.

Environmental Review:

CEQA: The City of Los Angeles is the lead agency for the JD Redevelopment for purposes of the California Environmental Quality Act (CEQA). The City of Los Angeles, acting through its Planning Department, approved a larger project under the Jordan Downs Urban Village Specific Plan (1,800 residential units; up to 250,000 square feet of commercial/retail/office plus up to 20,000 square feet of community-service retail and services in mixed use buildings; a network of parks totaling 8.9 acres; and new community facilities), and its associated Environmental Impact Report ("EIR") and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the FEIR were prepared on January 11, 2016 and April 4, 2016 respectively to address additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment. On April 14, 2016, the City Planning Commission found based on the whole of the administrative record that no subsequent or supplemental EIR or negative declaration was required. The Phase S4 redevelopment as contemplated in the current conceptual plans provided to HACLA is consistent with the Specific Plan and its Amendment (CPC-2015-3990-GPA-ZC-SP), however, the final plans will be reviewed by the Board of Commissioners at such time as it considers the Ground Lease and Disposition and Development Agreement and a final design and construction drawings are complete to ensure consistency. Phase S4 will be subject to the imposition of various measures contained in the Specific Plan's conditions of approval, including Mitigation Monitoring.

NEPA: Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016 the U.S. Department of Housing and Urban Development's Office of the Field Office Director issued approval of the Housing Authority's Request for Release of Funds and Environmental Certification.

Section 3:

The Developer will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic

benefits generated by the proposed development. Local Hire and Section 3 requirements for the Developer and their General Contractor will require the use of best efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD's Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Developer and their General Contractor shall strive and use best efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Owner is committed to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

Attachments:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING DEDICATION OF ONE FIFTY-SIX (56) SECTION 8 PROJECT-BASED VOUCHERS TO JORDAN DOWNS PHASE S4 PURSUANT TO PROVISIONS IN THE HOUSING OPPORTUNITIES THROUGH MODERNIZATION ACT OF 2016 AND AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE ANY AND ALL CONTRACTS/DOCUMENTS REQUIRED FOR THE PROGRAM

WHEREAS, on October 30, 2017, the Department of Housing and Urban Development issued Notice PIH 2017-21 provided guidance to public housing agencies (PHAs) regarding changes to the Project-Based Voucher ("PBV") program made by the Housing Opportunity Through Modernization Act of 2016 ("HOTMA"); and

WHEREAS, the Housing Authority and Jordan Downs Phase S4, LP, desire to develop 90 apartments on a 1.99-acre parcel located on 101st Street Los Angeles Ca 90002 (the "Project") ; and

WHEREAS, all residential units (other than the manager's unit) will be restricted for occupancy by households of moderate, low, very low and extremely low-income and will receive supportive services; and

WHEREAS, an award of fifty-six (56) project-based vouchers to Jordan Downs Phase S4 will provide deeper affordability in the replacement and non-replacement units at Jordan Downs and it is necessary for the Housing Authority to commit to this award in advance of the Phase S4 application to the State of Multifamily Housing (MHP) Program for funding; and

WHEREAS, the Project meets the conditions and requirements described in HUD Notice PIH-2017-21 Attachment L for awarding project-based vouchers to certain projects where the PHA has an ownership interest as defined under Attachment L without following a competitive process.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the President and CEO, or designee, to execute any and all contracts or related documents as approved by legal counsel, required for the dedication of fifty-six (56) project-based vouchers to the Jordan Downs Phase S4, LP.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Chairperson

APPROVED AS TO FORM:

BY: _____
General Counsel

DATE ADOPTED: _____