

REPORT OF THE CHIEF LEGISLATIVE ANALYST

February 26, 2007

TO: Honorable Members, Housing, Community and
Economic Development Committee

FROM: Gerry F. Miller *G. F. Miller*
Chief Legislative Analyst

Assignment No.: 07-02-0249
C.F.: 07-0203

CRA - Affordable Housing Agreement with the Land Trust

SUMMARY

The Community Redevelopment Agency (Agency) is requesting the authority to execute a new Affordable Housing Agreement with the Figueroa Corridor CLT and the Figueroa Corridor Land Company (collectively the Land Trust) to recognize the payment of funds from the Moinian Group totaling \$6.8 million for the creation of affordable housing within the Los Angeles Sports and Entertainment District (LASED).

The requested action is in keeping with the affordable housing obligation of the LASED master developer, the L.A. Arena Land Company (Land Co.), as defined under the Community Benefits Program of both the Disposition and Development Agreement and Development Agreement (Development Agreement), as amended, between the City and Land Co.

The Development Agreement obligates the Land Co. and its successors to produce affordable housing as a condition of developing market rate housing within the LASED. The Development Agreement also provides that the Land Co. or a site developer may meet its affordable housing obligation by making a contribution of not less than \$40,000/affordable housing unit (Qualified Contribution) to a Community Partner (in this instance Figueroa Corridor CLT and the Figueroa Corridor Land Company (Land Trust)). As a site developer (the Moinian Group), is making the required contribution to the production of affordable housing in satisfaction of the Development Agreement.

The Moinian Group, as a site developer, has acquired property in the LASED (located between 11th and 12th Street and Figueroa and Flower Street) with the intention to develop approximately 870 units of market rate condominiums as an element of a mixed-use project (Project). The Moinian Group now wishes to meet its affordable housing obligations by making a Qualified Contribution to the Land Trust in the amount of \$6.8 million (an amount equivalent to 20% (172 units) of the number of market rate residential units approved for the Project multiplied by \$40,000), to the Community Partners (the Land Trust).

The Land Trust will have five years to expend the funding for the creation of 172 units of affordable housing; they must be built within three-miles of the LASED. The Qualified Contribution will be in the form of a letter of credit (LOC) to be deposited with the Enterprise Foundation, a nonprofit entity, that will partner with the Land Trust and secure funding to create and construct the affordable housing. The Schedule of Performance for disbursement of funds is attached to this report.

The Agency's role in this agreement is to monitor and ensure that the funding will create affordable housing. Should the Land Trust fail to expend the funds within the required time period, the funds will revert to the Agency to create affordable housing within three-miles of the LASED. No Agency financial commitment is required at this time.


Agency staff state that this agreement is rather unique because a site developer is providing an up-front contribution to create affordable housing. This was not the case prior to the amendment to the Development Agreement between Land Co and the City in 2005; the earlier agreement prohibited a site developer from obtaining a Certificate of Occupancy for their market rate units until their contribution used to build the affordable units also received a Certificate of Occupancy. The amendment to the Development Agreement now obligates a site developer to provide the affordable housing contribution prior to securing the necessary permits for construction of their market rate units.

RECOMMENDATION

That the Council authorize, the Chief Executive Office of the Community Redevelopment Agency, or designee, to execute the Affordable Housing Agreement with the Figueroa Corridor CLT and Figueroa Corridor Land Company, collectively know as the Land Trust, to recognize the payment of funds (\$6.8 million) from the Moinian Group within the Los Angeles Sports and Entertainment District to the Land Trust in accordance with a requirement of the Community Benefits Program to create affordable housing and to take such steps necessary to ensure the creation of housing.

FISCAL IMPACT

The requested action will not impact the General Fund.



Adrian Garcia
Analyst

GFM:AG:ps
Attachment: Schedule of Performance-Exhibit A
ag:CRA-LandTrustAgreement

EXHIBIT A

Figueroa Corridor Community Land Trust
And
Figueroa Corridor Land Company

Schedule of Performance

<u>Activity</u>	<u>Time Frame</u>
1. <u>Execute Affordable Housing Agreement:</u> Community Partners and Agency shall execute the Affordable Housing Agreement.	On or before January 31, 2007.
2. <u>Execute Funding Agreement with Moinian Group:</u> Community Partners shall execute the Funding Agreement with the Moinian Group.	On or before January 31, 2007.
3. <u>Verification of Community Partners:</u> Agency shall deliver a written confirmation that the Land Trust and FCLC are a Community Partner per Attachment 6 to the Development Agreement to the Land Trust, FCLC and Moinian Group.	Within five (5) days from receipt of a request from the Land Trust and FCLC.
4. <u>Verification of Qualified Contribution:</u> Agency shall obtain written confirmation that the Moinian Contribution is deemed a "Qualified Contribution" to the qualified "Community Partner" from the Planning Director.	Within thirty (30) days from the execution of the Affordable Housing Agreement.
5. <u>Disbursement Agreement:</u> Community Partners, Agency and Enterprise shall enter into a Disbursement Agreement related to the deposit and disbursement of Moinian Contribution.	Within one hundred and twenty (120) days from the execution of the Affordable Housing Agreement.
6. <u>Initial Payment from Moinian Group:</u> The initial payment of the Moinian Contribution shall be deposited into the Segregated Account.	Within thirty (30) days from the receipt of the verification of the qualified contribution from the Planning Director.
7. <u>Final Payment from Moinian Group:</u> The final payment from the Moinian Contribution shall be deposited into the Segregated Account.	Earlier of (i) the issuance of the first temporary certificate of occupancy for the first market rate unit in the Project constructed by the Moinian Group, or (ii) five years from the date of the

Funding Agreement.

8. Commence Acquisition: FCLC shall commence acquisition of properties with the Moinian Contribution for the purpose of constructing the Affordable Units. Within twelve (12) months from the execution of the Funding Agreement.
9. Complete Acquisition: FCLC shall complete acquisition of the properties with the Moinian Contribution for the purpose of constructing the Affordable Housing Units. Within twenty four (24) months from commencement of acquisition.
10. Select Affordable Housing Developer: Land Trust shall select and enter into disposition and development agreement(s) with affordable housing developer(s) Within sixty (60) days of acquisition of each property.
11. Secure Entitlement(s): FCLC shall secure all necessary entitlement(s) and land use approval(s) for the properties acquired with the Moinian Contribution to construct the Affordable Housing Units. Within thirty (30) months from commencement of acquisition.
12. Obtain Affordable Housing Financing Commitments: Affordable housing developer(s) shall obtain financing commitments necessary to construct the Affordable Housing Units. Within twelve to eighteen months from securing all necessary entitlement(s) and land use approval(s).
13. Execute Ground Lease(s): Land Trust shall execute ground lease agreements with affordable housing developer(s). Within six months (6) months from obtaining all necessary affordable housing financing commitments.
14. Commence Construction: Affordable housing developer(s) shall commence construction of the Affordable Housing Units. Within forty-five (45) days from execution of ground lease agreements.
15. Complete Construction: Affordable Housing Developer shall complete construction of the Affordable Housing Units. Later of eighteen (18) months from commencement of construction or within five (5) years from the issuance of a building permit for the Project as provided for in Section 3.1 of this agreement.