

# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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September 30, 2008

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

FROM: Gerry F. Miller *Gerry F. Miller*  
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C.F. No.: 07-0203  
Assignment No.: 08-08-1550

## **Amended and Restated Affordable Housing Agreement with the Figueroa Corridor CLT and Figueroa Corridor (Land Trust)**

### **SUMMARY**

The Community Redevelopment Agency (Agency) requests authority to execute an Amended and Restated Affordable Housing Agreement with the Figueroa Corridor CLT and the Figueroa Corridor Land Company (collectively the Land Trust) to recognize the payment from the Monion Group for the creation of affordable housing within the Los Angeles Sports and Entertainment District (LASED). Agency funds are not required for this action.

In 2007, the Agency entered into an Affordable Housing Agreement with the Land Trust to facilitate the development of affordable housing in conjunction with market rate housing to be built by the Monion Group at Figueroa Central ("LA Central") development project site (located between 11<sup>th</sup> and 12<sup>th</sup> Street and Figueroa and Flower Street) within the LASED (C.F. 07-0203). The intention was to develop approximately 860 housing units as an element of a mixed-use project (Project). The Monion Group was to meet its affordable housing obligation by making an up-front payment to the Land Trust in the amount of \$6.88 million (an amount equivalent to 20% (172 units) of the number of market rate residential units approved for the Project multiplied by \$40,000). However, due to the current market situation, the Monion Group has been unable to secure Project financing and the development of the Project has been delayed.

In order to allow the Land Trust to proceed to develop affordable housing, a new structured payment schedule has been negotiated by the parties. The Monion Group now proposes to build the Project in two phases and make two affordable housing payments. The first payment will consist of an advance cash payment of \$200,000 and a Letter of Credit in the amount of \$3.24 million for a total of \$3.44 million, which is equivalent to fifty-percent (50%) of the affordable housing units. The Land Trust will use the Letter of Credit to leverage other funding necessary to acquire property in the area (within three-miles of the LASED) to build affordable housing. The developer will provide the second payment (\$3.44 million) during the second phase of the Project or within five years, whichever occurs earlier.

The Agency's role in this agreement is to monitor and ensure that the funding will create affordable

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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.

#### Background

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 the Disposition 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 no less than \$40,000 per affordable housing unit to a Community Partner (in this instance Figueroa Corridor CLT and the Figueroa Land Company (Land Trust)). As a site developer (the Monion Group), is making the required contribution for the production of affordable housing in accordance with the Development Agreement.

#### **RECOMMENDATION**

That the Council authorize, the Chief Executive Officer of the Community Redevelopment Agency, or designee, to execute an Amended and Restated Affordable Housing Agreement with the Figueroa Corridor CLT and Figueroa Corridor Land Company (Land Trust) to recognize the payment of \$6.88 million in two phases from the Monion Group to the Land Trust (\$3.44 million each phase) in accordance with a requirement of the Community Benefits Program to create affordable housing within three-miles of the Los Angeles Sports and Entertainment District.

#### **FISCAL IMPACT**

There requested action will not impact the General Fund. No Agency financial commitment is being requested under the proposed action.



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