

P3

# HOUSING

## MOTION

Winnetka Senior Apartments L.P. (the "Partnership") owns the 94-unit affordable housing project known as the Winnetka Senior Apartments (the "Project"), located at 20750 Sherman Way, Los Angeles, California 91306 in Council District 3. The Partnership elected to set-aside at least 32 units for households with income at or below sixty percent (60%) of area median income ("AMI"), 22 units for households with incomes at or below twenty percent (20%) of AMI, and 40 units for households with income at or below fifteen percent (15%) of AMI. The Project was financed during the construction phase using (i) tax credit equity (Section 42 program), (ii) construction loan proceeds (the "Construction Loan"), (iii) a loan from the City of Los Angeles Housing and Community Investment Department ("HCID") in the aggregate amount of \$12,900,000 (the "HCID Loan"), (iv) a loan from the Community Development Commission of the County of Los Angeles in the original principal amount of \$1,500,000 (the "CDC Loan"), (v) a loan from MGF, III Inc. in the original principal amount of \$1,750,000 (the "IIG Loan"), and (vi) an AHP Loan in the original principal amount of \$940,000 (collectively, the "Construction Period Financing").

During the lease up process for the Project, the Partnership has discovered that restricting units at the 15% AMI level will significantly limit the pool of qualified households for occupancy because the majority of homeless individuals who are registered in the Coordinated Entry System (CES) are receiving Supplemental Security Income (SSI) benefits which equate to roughly 18-19% of AMI. Based on these facts, and upon the recommendation of both the Los Angeles County Department of Health Services and the Los Angeles County Department of Mental Health, the Partnership has determined it is in the best interest of the Project to increase the AMI restrictions applicable to the 40 units restricted to households with income at or below fifteen percent (15%) of AMI to twenty percent (20%) of AMI and provide that the maximum rent to be paid by any such household not exceed the tax credit rent applicable at the twenty percent (20%) of AMI level. Because the majority of homeless individuals exceed the 15 percent AMI limit, the Partnership believes that this change will not adversely impact the tenant population the Project was designed to serve, and will continue to provide property management staff and service providers with the appropriate flexibility to ensure the long term feasibility of the Project.

The Partnership is requesting the approval of the City Council to modify the existing documentation evidencing the HCID Loan to increase the restrictions applicable to the 40 units at the Project which are currently restricted to households with income at or below fifteen percent (15%) of AMI from the 15 percent of AMI level to twenty percent (20%) of AMI and to reflect the proposed affordability and rent breakdown for the Project as set forth in the "Affordability Amendment" table below:

PROPOSED RENT SCHEDULE

Unit Type	Percent Median	Monthly Net Rent	Total Number of Units	Total # of Bdrms.	HOME-Assisted Units Regulated by HCIDLA	Units Regulated by TCAC	Floating (FL) or Fixed (FX)
One Bdrm	20%	\$283	62	62	56	62	FL
One Bdrm	60%	\$894	32	32	29	32	FL
Mgr-2 Bdrm	N/A	\$0	1	1	0	0	FL
TOTAL			95	95	85	94	

I THEREFORE MOVE that the City Council:

1. Authorize the Housing and Community Investment Department (HCID) General Manager, or designee, to negotiate and execute amendments to the documentation evidencing the HCID Loan to reflect the proposed Affordability Amendment described herein, subject to approval of the City Attorney as to form; and

2. Authorize the HCID General Manager, or designee, to execute any required subordination agreements, wherein the HCID loan has been previously subordinate, as required and subject to approval of the City Attorney as to form.

PRESENTED BY:   
 BOB BLUMENFIELD  
 Councilmember, 3<sup>rd</sup> District

SECONDED BY: 

ORIGINAL

JUN - 8 2016