

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 5/24/2018

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name and title.

(Ana Guerrero) for

**ERIC GARCEITI**  
Mayor



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

Housing Development Bureau  
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May 21, 2018

Council File: 09-2841 & 15-0132-S2  
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The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303 City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR ADOPTION OF THE RESOLUTION TO APPROVE THE REPLACEMENT HOUSING PLANS FOR THE SKID ROW SOUTHEAST 1 APARTMENTS PROJECT**

**SUMMARY**

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests adoption of the attached Resolution approving the Replacement Housing Plan (Plan) for the Skid Row Southeast 1 Apartments Project (Project) located at 1201 E. 7<sup>th</sup> Street (Site 1 of 2, the Olympia, 48 units); and, 1205 E. 6<sup>th</sup> Street (Site 2 of 2, the Las Americas, 60 units). Both Site 1 and Site 2, located in Council District 14, are affordable housing projects constructed by Skid Row Housing Trust (Developer).

The Skid Row Southeast 1 Apartments, an affordable housing development with pre-existing financing from HCIDLA, received approval for recapitalization on November 24, 2015 (C.F. No. 15-0132-S2). The California Debt Limit Allocation Committee (CDLAC) awarded the Project an original bond allocation of \$10,200,000 on May 20, 2015, and a supplemental bond allocation of \$1,413,082 on September 16, 2015. Following the bond allocation, on June 10, 2015, the Project was also awarded 4% tax credits through the California Tax Credit Allocation Committee (CTCAC). The rehabilitation of the Project has now been completed, and the conversion to permanent financing deadline is August 1, 2018.

## **RECOMMENDATIONS**

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- I. Adopt the attached Resolution, prepared by the City Attorney, and provided as Attachment A to this report, authorizing the Skid Row Southeast I Apartments Housing Replacement Plan; and,
- II. Authorize HCIDLA's General Manager, or designee, to execute any relevant documents required to effectuate this transaction, and any amendments, consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Attorney as to form.

## **BACKGROUND**

The Project entailed the acquisition and rehabilitation of two scattered sites, consisting of a total of 108 multifamily affordable rental housing units for individuals or families, including veterans with special needs. The Project scope of work called for each of the Project buildings to be retrofitted with new major building systems in order to increase the energy efficiency and physical lifespan. The retrofit complied with applicable housing regulations, including fire and life safety codes, and the Americans with Disabilities Act (ADA) requirements. Additionally, the lobbies of both buildings have been reconfigured to more adequately address residents' independent and permanent living requirements, and to provide better-designed common area amenities.

The Las Americas site included 60 Community Redevelopment Agency of the City of Los Angeles (CRA/LA) restricted affordable Single Room Only (SRO) units, including one manager's unit. As a result of the rehabilitation of the Las Americas site, the restricted unit count has been reduced by one unit, from 60 to 59 restricted units. The Project's manager's unit became unrestricted, however, will continue to serve as manager's unit. The loss of the one restricted unit in the Las Americas site will be replaced off-site, at the Rossmore Apartments, located at 811 S. Carondolet Street, Los Angeles, CA.

The Olympia site included 48 CRA/LA restricted affordable SRO units, including one restricted manager's unit. As a result of the rehabilitation of the Olympia site, the restricted unit count has been reduced by three units, from 48 to 45 restricted units. Two of the restricted units have been utilized to create additional on-site community space for the provision of supportive services for all the site's residents, including those or residents with a history of homelessness. Additionally, the restricted manager's unit, has been converted to an unrestricted manager's unit. The loss of the three restricted units in the Olympia site will be replaced off-site, at The Six Apartments, located at 905 E 6<sup>th</sup> Street, Los Angeles, CA 90021.

The Project is a former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) housing asset and is required to comply with California Health and Safety Code Section 33413.5, which requires adoption of the Replacement Housing Plan. The Plan is required when units that were financed with CRA/LA funds are removed from the housing market. The Plan outlines the redevelopment of the site, describes the location, timetable, and financing for the future units that will serve as replacement

units. The Plan was published on HCIDLA's website on March 14, 2018, for 14-day public comment period. No comments or opposition were received.

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the General Fund.


Prepared By:

  
\_\_\_\_\_  
BRUCE ORTIZ  
Rehabilitation Project Coordinator I


Reviewed By:

  
\_\_\_\_\_  
MAGDALINA ZAKARYAN  
Finance Development Officer II

Reviewed By:

  
\_\_\_\_\_  
EDWIN C. GIPSON, II  
Director of Housing

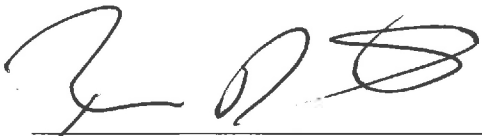
Reviewed By:

  
\_\_\_\_\_  
SEAN L. SPEAR  
Assistant General Manager

Reviewed by:

  
\_\_\_\_\_  
LAURA K. GUGLIELMO  
Executive Officer

Approved by:

  
\_\_\_\_\_  
RUSHMORE D. CERVANTES  
General Manager

ATTACHMENTS:

- Attachment A - Replacement Housing Plan Resolution
- Attachment B - Skid Row Southeast 1-Olympia Apartments Replacement Housing Plan
- Attachment C - Skid Row Southeast 1-Las Americas Apartments Replacement Housing Plan

ATTACHMENT A

Replacement Housing Plan Resolution

## RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TO ADOPT THE REPLACEMENT HOUSING PLAN FOR SKID ROW SOUTHEAST 1, LOCATED AT 1201 E. 7<sup>TH</sup> STREET (SITE 1 of 2: THE OLYMPIA, 48 UNITS); and, 1205 E. 6<sup>TH</sup> Street (SITE 2 of 2: THE LAS AMERICAS, 60 UNITS), located in LOS ANGELES, CALIFORNIA.

**WHEREAS**, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code Section 33413.5), the City of Los Angeles, a municipal corporation (City), acting by and through the Los Angeles Housing and Community Investment Department (HCIDLA) as successor agency to the housing assets and housing functions of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) under Section 34176(a) of the California Health and Safety Code pursuant to the agreement regarding CRA/LA Affordable Housing Assets and Functions with the effective date of April 5, 2013, has prepared Replacement Housing Plans (Skid Row Southeast 1 Replacement Housing Plans) copies of which are attached hereto as **Exhibit A**, for demolition and loss of the existing 4-affordable units located within Council District 14, Los Angeles Project Area; and

**WHEREAS**, Skid Row Southeast 1 (SRSE1) owns and operates The Olympia and The Las Americas Apartments and has obtained a Recapitalization of Affordable Housing Development with pre-existing financing from HCIDLA commitment in November 24, 2015 (C.F. 15-0132-S2). The California Debt Limit Allocation Committee (CDLAC) awarded the original bond allocation for \$10,200,000 on May 20, 2015 and a supplemental bond allocation of \$1,413,082 on September 16, 2015. The Project applied for a 4% tax credits from the California Tax Credit Allocation Committee (CTCAC) and was awarded in June 10, 2015; and,

**WHEREAS**, the demolition of the two (2) units at the Olympia building will create additional on-site community space for the provision of supportive services to better serve special needs residents, residents with a history of homelessness, and any other resident that so wishes to utilize supportive services. Additionally, the manager's unit will be converted to an unrestricted unit, whereas it was previously restricted; and, the restricted unit count at The Las Americas will be reduced from sixty (60) restricted units to fifty-nine (59) restricted units. The reduction will occur as the manager's unit will be unrestricted. It will still be used as a manager's unit; and

**WHEREAS**, the Skid Row Southeast 1 Replacement Housing Plans are consistent with the Central Industrial Project Area Redevelopment Plan; and,

**NOW, THEREFORE, BE IT RESOLVED** that by the adoption of this Resolution, the Council of the City of Los Angeles hereby finds the proposed Skid Row Southeast 1 Replacement Housing Plans to be in conformity with the provisions of the California Community Redevelopment Law and the Central Industrial Project Area Redevelopment Plan, and hereby approves and adopts the Skid Row Southeast 1 Replacement Housing Plans attached as Exhibit A.

This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED BY THE CITY COUNCIL of the City of Los Angeles this  
\_\_\_\_\_ day of \_\_\_\_\_, 2018 at Los Angeles, California.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held \_\_\_\_\_, 2018.

By: \_\_\_\_\_

City Clerk

(SEAL)



ATTACHMENT B

Skid Row Southeast 1-Olympia Apartments Replacement Housing Plan

The Six Apartments will serve as the replacement housing site for the Property. The Six Apartments is an existing building owned by the SRHT that contains 52 units with the following unit mix; 45 studios, 5 one-bedrooms, 2 one-bedrooms manager's units (manager's units are unrestricted). This building has no CRA rent restrictions. The units at the Six Apartments are comparable units. The Six Apartments is located outside the CRA redevelopment area of Las Americas.

II. The Project

The Project will accomplish several significant goals including: (1) preserving and extending affordability and a commitment to house individuals with special needs; (2) retrofitting the major building systems (e.g. roof, windows mechanical, electrical, plumbing, HVAC) to increase the physical lifetime and energy efficiency of each building; (3) increasing operating income by modifying rental subsidies and establishing dedicated services funding; (4) addressing significant building amenities such as accessibility and thermal comfort to make the buildings more suitable for the existing population.

III. Description of Dwelling Units to be Unrestricted

The 1-bed manager's unit will be unrestricted and will continue to be used as a manager's unit. Table 1, Units to be Unrestricted, shows the income category and bedroom count for the unit which will become an unrestricted unit. The anticipated replacement date is also shown, which is within 4 years of conversion.

TABLE 1  
UNITS TO BE UNRESTRICTED

Project Address	Dwelling Units	Bedrooms	Unrestricted	80% AMI	Anticipated Removal	Latest Replacement Date
1205 E. 6th Street, Los Angeles, CA 90021	1 (100)	1	0	1	June 2017	February 2021

IV. Replacement Housing Requirements

Health and Safety Code Section 33413(a) requires that 100 percent of the replacement units shall be made available at or below the same affordability level of the destroyed or removed units. This plan complies with that requirement and the 2 1-bedroom replacement units at the Six Apartments will be held to at or below 80% AMI, which is the same affordability restrictions as

**REPLACEMENT HOUSING PLAN**  
**SKID ROW SOUTHEAST 1 - LAS AMERICAS APARTMENTS**

The Los Angeles Housing + Community Investment Department (HCIDLA) is the Successor Agency responsible for managing all former Community Redevelopment Agency of City of Los Angeles (CRA/LA) housing assets. To comply with California Health and Safety Code Section 33413.5, which requires the adoption, by resolution, of a replacement housing plan, HCIDLA has prepared this plan.

This Replacement Housing Plan (the "Plan") sets forth the obligations of the Skid Row Housing Trust (SRHT), a non-profit organization, in its provision of a replacement housing plan pursuant to Health and Safety Code §§33410-33418 with respect to the proposed rehabilitation of the sixty (60) unit residential housing development, Skid Row Southeast 1 - Las Americas Apartments (the "Project"), located at 1205 E. 6th Street, Los Angeles, CA 90021. The Plan will recount the CRA/LA financing and covenants affecting 1205 E. 6th Street, Los Angeles, CA 90021 (the "Property"), explain the planned renovation of the Project, and describe the replacement housing obligations at the Property, as well as location, timetable and financing for replacement units. HCIDLA has made this document available for public review and comment on the HCIDLA website

I. Introduction

On June 2, 1990, the CRA/LA and the SRHT entered into an Acquisition and Predevelopment Loan Agreement for Property, in which SRHT agreed to acquire and develop the property at that address. Accordingly, on June 26, 1990, as Instrument No. 90-1980396 in the official records of Los Angeles County, the CRA/LA and SRHT entered into an Agreement Containing Covenants Affecting Real Property. Subsequently, on August 30, 1991 the CRA/LA and SRHT entered into an Amendment to the Acquisition and Predevelopment Loan Agreement which amended the Loan Agreement to a) to convert the Agency Loan into a permanent loan; b) to approve the assignment by the Successor Developer to the Developer of Successor Developer's rights and obligations under the Loan Agreement for tax credit syndication purposes; c) to approve the transfer of Property from successor Developer to Final Developer Entity; d) to approve the subordination of the deed of trust securing the Agency's loan and the Agency's covenants to the deed of trust securing a loan to the Developer to be made by the State of California, Department of Housing and Community Development ("DHCD") and DHCD's Memorandum of Regulatory Agreement; and e) to modify certain other provisions in the Loan Agreement. Subsequently on December 18, 2012 the CRA/LA and Martinez, L.P. (controlled by SRHT) entered into an Amendment to Loan Agreement which amended the Loan Agreement to modify residual receipts splits.

SRHT plans to rehabilitate the Project as an occupied rehabilitation, and no permanent relocation is anticipated.

The Project currently includes sixty (60) units at the Property, all of which are CRA restricted affordable SRO units (one unit is a manager's unit). As part of planned rehabilitation at the Project, the restricted unit count at the Project will be reduced from sixty (60) restricted units to fifty-nine (59) restricted units. The reduction will occur as the manager's unit will be unrestricted. It will still be used as a manager's unit.

ATTACHMENT C

Skid Row Southeast 1-Las Americas Apartments Replacement Housing Plan

V. General Location of Replacement Housing, Timetable and Means of Financing

The Replacement Housing will be located at 905 E 6<sup>th</sup> Street Los Angeles, CA 90021. This housing is existing, comparable housing. This location is within the same CRA redevelopment area as the Olympia. The replacement units are equally affordable, comparable, and not developed with moneys from the Low and Moderate Income Housing Fund.

Timetable:

The Rossmore is existing comparable housing. The Rossmore is currently undergoing a renovation expected to last until December 2017. The new 3 unit CRA covenant at the Rossmore will be recorded after renovation is complete. The CRA covenant restricting the 3 replacement units as affordable will be recorded no later than March of 2021.

VI. Article XXXIV Approval

The Project does not require approval of the voters pursuant to Article XXXIV of the California Constitution because the Project is excluded from the term "low rent housing project" to which Article XXXIV of the California Constitution applies. The Project is excluded from the term "low rent housing project" because a contract for financial assistance between a state public body and the Federal Government in respect to the Project exists.

Property. The Rossmore Apartments is an existing building owned by the SRHT that contains 58 units, of which 57 are SRO units. Of the 57 SRO units at the Rossmore, 9 have a pending CRA affordability restriction leaving 48 SRO units that have no CRA restrictions. The reduction of 3 CRA restricted units at the Property (the Olympia) will be replaced with a 3 unit CRA covenant at the Rossmore Apartments bringing the total CRA restricted units at the Rossmore to 12 units. The units at the Rossmore Apartments are comparable units.

II. The Project

The Project will accomplish several significant goals including: (1) preserving and extending affordability and a commitment to house individuals with special needs; (2) retrofitting the major building systems (e.g. roof, windows mechanical, electrical, plumbing, HVAC) to increase the physical lifetime and energy efficiency of each building; (3) increasing operating income by modifying rental subsidies and establishing dedicated services funding; (4) addressing significant building amenities such as accessibility and thermal comfort to make the buildings more suitable for the existing population.

III. Description of Dwelling Units to be Converted

The rehabilitation work at the Property will result in the conversion of two restricted affordable SRO units into resident services space that will serve all residents at the Project. Table 1, Replacement Housing Need, shows the income category and bedroom counts for both the 2 units to be converted to offices and the manager's unit, which will become an unrestricted unit. The anticipated replacement date is also shown, which is within 4 years of conversion.

TABLE 1  
REPLACEMENT HOUSING NEED

Project Address	Dwelling Units	Bedrooms	Unrestricted	50% AMI	Anticipated Removal	Latest Replacement Date
1201 E. 7th Street, Los Angeles, CA 90021	3 (100, 101, 103)	0	0	3	June 2017	February 2021

IV. Replacement Housing Requirements

Health and Safety Code Section 33413(a) requires that 100 percent of the replacement units shall be made available at or below the same affordability level of the destroyed or removed units. This plan complies with that requirement and the 3 replacement units at the Rossmore will be held to the same affordability restrictions as existed at the Olympia.

**REPLACEMENT HOUSING PLAN**  
**SKID ROW SOUTHEAST 1 - OLYMPIA APARTMENTS**

The Los Angeles Housing + Community Investment Department (HCIDLA) is the Successor Agency responsible for managing all former Community Redevelopment Agency of City of Los Angeles (CRA/LA) housing assets. To comply with California Health and Safety Code Section 33413.5, which requires the adoption, by resolution, of a replacement housing plan, HCIDLA has prepared this plan.

This Replacement Housing Plan (the "Plan") sets forth the obligations of the Skid Row Housing Trust (SRHT), a non-profit organization, in its provision of a replacement housing plan pursuant to Health and Safety Code §§33410-33418 with respect to the proposed rehabilitation of the forty-eight (48) unit residential housing development, Skid Row Southeast 1 - Olympia Apartments (the "Project"), located at 1201 E. 7th Street, Los Angeles, CA 90021. The Plan will recount the CRA/LA financing and covenant affecting 1201 E. 7th Street, Los Angeles, CA 90021 (the "Property"), explain the planned renovation of the Project, and describe the replacement housing obligations at the Property, as well as location, timetable and financing for replacement units. HCIDLA has made this document available for public review and comment on the HCIDLA website.

I. Introduction

On May 1, 1990, the CRA/LA and the SRHT entered into an Acquisition and Predevelopment Loan Agreement for Property, in which SRHT agreed to develop and acquire the property at that address. Accordingly, on June 26, 1990, as Instrument No. 90-1200787 in the official records of Los Angeles County, the CRA/LA and SRHT entered into an Agreement Containing Covenants Affecting Real Property. Subsequently, on August 30, 1991, the CRA/LA and SRHT entered into an Amendment to the Acquisition and Predevelopment Loan Agreement which amended the Loan Agreement to provide for the approval of the transfer of the Property and assignment of the Loan Agreement from the Skid Row Housing Trust to the Olympia Hotel Limited Partnership, to increase the principal amount of the Agency Loan to provide funds for construction on the Property, and to subordinate the Agency covenant restrictions to the State of California Department of Housing and Community Development ("HCD") Regulatory Agreement and Trust Deed.

SRHT plans to rehabilitate the Project as an occupied rehabilitation, and no permanent relocation is anticipated.

The Project currently includes forty-eight (48) units at the Property, all of which are CRA restricted affordable SRO units (one unit is a restricted manager's unit). As part of planned rehabilitation at the Project, the restricted unit count at the Project will be reduced from forty-eight (48) restricted units to forty-five (45) restricted units. Two units will be removed in order to create additional on-site community space for the provision of supportive services to better serve special needs residents, residents with a history of homelessness, and any other resident that so wishes to utilize supportive services. Additionally, the manager's unit will be converted to an unrestricted unit, whereas it was previously restricted.

The Rossmore Apartments, located 905 E 6th Street Los Angeles 90021, which is in the same CRA redevelopment area as the Olympia, will serve as the replacement housing site for the

existed at the Las Americas. (Note – the two units to be restricted at The Six Apartments will not be the Manager's units)

V. General Location of Replacement Housing, Timetable and Means of Financing

The Replacement Housing will be located at 811 S. Carondolet Street. This housing is existing, comparable housing. This location is not within the same CRA redevelopment area as the Las Americas. Therefore, 2 1-bedroom replacement units are being provided at the Six Apartments for the 1 unit that is being unrestricted at the Las Americas. The replacement units are equally affordable, comparable, and not developed with moneys from the Low and Moderate Income Housing Fund.

Timetable:

The Six is existing comparable housing. The CRA Covenant restricting the new 2 units as affordable at 80% AMI or below will be recorded no later than March of 2021.

VI. Article XXXIV Approval

The Project does not require approval of the voters pursuant to Article XXXIV of the California Constitution because the Project is excluded from the term "low rent housing project" to which Article XXXIV of the California Constitution applies. The Project is excluded from the term "low rent housing project" because a contract for financial assistance between a state public body and the Federal Government in respect to the Project exists.