

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: October 17, 2018

CAO File No. 0220-00540-1306

Council File No. 16-0230-S1

Council District: 9

To: The Mayor  
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department Transmittal dated September 27, 2018; Received October 9, 2018; Additional Information Received through October 16, 2018

Subject: **REQUEST FOR AUTHORITY TO PROVIDE ADDITIONAL FUNDING TOTALING \$499,060 FOR WEST A HOMES, 4080-4100 S. VERMONT AVENUE TO BRING THE AFFORDABLE HOUSING PROJECT INTO COMPLIANCE WITH THE FAIR HOUSING ACT ACCESSIBILITY REQUIREMENTS AND EXECUTE NECESSARY LOAN DOCUMENTS AND AMENDMENTS**

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### RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager, Housing and Community Investment (HCID), or designee, to:
  - a. Issue a letter of financial commitment not to exceed \$499,060 using funds from HCID's Contractual Services Account 003040, the source of funds for which is the Accessible Housing Fund;
  - b. Negotiate and Execute loan documents and amendments to the loan with West Angeles Homes II including the interest rate, loan and affordability terms, loan amount, and subordination to new permanent loans, subject to approval of the City Attorney as to form;
  - c. Prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer; and,
2. Authorize the Controller to expend funds in an amount not to exceed \$499,060, from Fund No. 100/43, Account 003040 Contractual Services, for the construction of first floor powder rooms at 4080-4100 S. Vermont Avenue, upon proper written demand of the General Manager.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to provide additional funding totaling \$499,060 for West A Homes (Project) to bring the affordable housing development project in compliance with the Fair Housing Act (FHA) requirements, including issuing a letter of financial commitment and negotiating and executing amendments to loan documents. The HCID reports that while the developer agreed to all of the City's policies, the Project's original budget did not

consider the requirement to bring the units into compliance with the Federal FHA requirements. The funding request is for the design and construction of first floor powder rooms in the 20 townhouse style units, plus additional funding for temporary relocation of existing tenants. The newly rehabilitated units will count toward the City's goal of 4,000 units of accessible affordable housing within ten years, in compliance with a Corrected Settlement Agreement (CSA) with the Independent Living Centers of Southern California et al. Additional project information is included in the HCID transmittal dated September 27, 2018. The 2018-19 adopted budget included funding totaling \$500,000 for retrofit work of affordable housing units, including an additional \$5 million in the Unappropriated Balance for such work. The HCID reports that it will return to Council if additional funding is required for other projects to conduct retrofits that will bring the projects into compliance with the FHA, and in accordance with the CSA. This Office concurs with the recommendations of the Department, as amended to clarify the source of funding for the loan and amendments to documents.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The proposed amendment to an existing loan for the West A Homes project will be paid for by budgeted monies within the Accessible Housing Fund. The recommendations in this report are in compliance with the City's Financial Policies in that there are sufficient budgeted funds available to support the loan.

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