File No. 16-0419, 16-0419-S1

HOUSING COMMITTEE REPORT relative to request for authority to provide additional funding totaling $2,014,663 for the Florence Morehouse Affordable Housing Development.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to:

    a. Issue a letter of financial commitment in an amount not to exceed $2,014,663 using funds from the Accessible Housing Fund, New Account No. (10D/43/43R807).

    b. Negotiate and Execute loan documents and amendments to the loan with Florence Morehouse LP, 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 (CAO).

2. AUTHORIZE the Controller to:

    a. Transfer appropriations in the amount of $2,014,663 from the Unappropriated Balance, Fund No. 100/58, Account No. 580238, Accessible Housing Program Retrofit Contracts, to the Accessible Housing Fund No. 10D/43, New Account No. 43R807 for retrofits associated with the Florence Morehouse Development.

    b. Expend funds in an amount not to exceed $2,014,663, from the Accessible Housing Fund No. 10D/43, New Account No. 43R807, for hard construction costs required to bring the Florence Morehouse Development, located at 910 W. Florence Avenue and 1750 West Martin Luther King Jr. Boulevard, into compliance with Federal and State accessibility requirements, upon proper written demand of the General Manager, HCIDLA.

Fiscal Impact Statement: The CAO reports that there is no additional impact to the General Fund. The proposed amendment to an existing loan for the Florence Morehouse Development Project will be paid for by budgeted monies within the Unappropriated Balance for retrofits that are part of the Accessible Housing Program. The recommendations contained in the February 1, 2019 report, attached to the Council file, are in compliance with the City's Financial Policies in that there are sufficient budgeted funds available to support the loan.

Community Impact Statement: None submitted.

Summary:

On February 13, 2019, your Committee considered February 1, 2019 CAO and November 29, 2019 HCIDLA reports relative to request for authority to provide additional funding totaling

$2,014,663 for the Florence Morehouse Affordable Housing Development Project. According to the CAO, the HCIDLA is requesting authority to provide additional funding totaling $2,014,663 for the Florence Morehouse Affordable Housing Development Project to bring the Project into compliance with the Federal Fair Housing Act (FHA) and California Building Code Section 11B requirements, including issuing a letter of financial commitment and negotiating and executing amendments to loan documents. The HCIDLA reports that while the developer agreed to all of the City's policies, and the original budget included ensuring that ten percent (seven units) of the Project's 61 units are designed for mobility accessibility and four percent of the units (three units) are designed for hearing and vision accessibility, the Project's original budget did not consider the requirement to ensure all common areas and access routes are accessible and to make the remaining 51 non-accessible units of the Project "adaptable," pursuant to the FHA. The funding request is for the hard construction costs for meeting the FHA requirements, plus other costs associated with the Project.

Also, the HCIDLA reports that the ten newly rehabilitated accessible units will only count toward the City's goal of 4,000 units of accessible affordable housing within ten years, if the entire Project is FHA compliant, in accordance with a Corrected Settlement Agreement with the Independent Living Centers of Southern California et al. Additional Project information is included in the HCID transmittal dated November 29, 2018. The HCIDLA 2018-19 adopted budget included funding totaling $500,000 for retrofit work of affordable housing units, and an additional $5 million is included in the Unappropriated Balance for such work. On December 5, 2018, Council approved additional funding totaling $534,668 from the Unappropriated Balance for the Crescent Villages Project to bring it into compliance with the FHA using 2018-19 budgeted funds for retrofit work. This left an Unappropriated Balance of $4,465,332. The HCIDLA is now requesting to transfer $2,014,663 from the Unappropriated Balance to a new Account No. 43R807 under the Accessible Housing Fund for the Florence Morehouse Development Project. The CAO concurs with the recommendations of the HCIDLA. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CAO report as detailed in above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

Paul Krekorian

MEMBER	VOTE
CEDILLO:	ABSENT
KREKORIAN:	YES
HARRIS-DAWSON:	YES

ARL
2/13/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-