

REPORT FROM

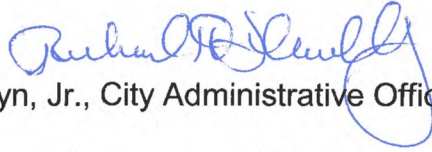
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 19, 2018

CAO File No. 0220-00540-1315
Council File No. 16-0779
Council District: 1

To: The Mayor
The Council

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



Reference: Housing and Community Investment Department Transmittal dated October 25, 2018; Received November 5, 2018; Additional Information Received through November 13, 2018

Subject: **REQUEST FOR AUTHORITY TO PROVIDE ADDITIONAL FUNDING TOTALING \$535,608 FOR CRESCENT VILLAGES APARTMENTS TO BRING THE AFFORDABLE HOUSING PROJECT INTO FULL COMPLIANCE WITH THE STATE AND FEDERAL ACCESSIBILITY REQUIREMENTS AND EXECUTE NECESSARY LOAN DOCUMENTS AND AMENDMENTS**

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 in an amount not to exceed \$534,668 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 Crescent Villages II 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; and,

2. Authorize the Controller to:
 - a. Transfer appropriations in the amount of \$534,668 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. 43RXXX for retrofits associated with the Crescent Villages Apartments; and,

- b. Expend funds in an amount not to exceed \$534,668, from the Accessible Housing Fund No. 10D/43, New Account No. 43RXXX, for hard construction costs required to bring Crescent Villages Apartments, located at 1721 W. 8th Street and 1315 W. 7th Street, into compliance with federal and state accessibility requirements, upon proper written demand of the General Manager.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to provide additional funding totaling \$535,608 for Crescent Villages Apartments (Project) to bring the affordable housing development project into compliance with the federal Fair Housing Act (FHA) and California Code Section 11B 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, and the original budget included ensuring that 10 percent of the units (15 units) are designed for mobility accessibility and four percent of the units (six units) are designed for hearing and vision accessibility, the Project's original budget did not consider the requirement to make all common areas accessible and non-accessible units "adaptable," pursuant to the FHA. The funding request is for the hard construction costs for meeting the FHA requirements, plus testing and plumbing engineering costs. The Department reports that the 21 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 (CSA) with the Independent Living Centers of Southern California et al. The CSA also requires the City to commit \$200 million over 10 years for the Accessible Housing Program. Additional project information is included in the HCID transmittal dated October 25, 2018.

The HCID 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 November 2, 2018, the Council approved additional funding totaling \$499,060 for the West A Homes Project to bring it into compliance with the FHA using 2018-19 budgeted funds for retrofit work. The HCID is now requesting to transfer \$535,608 from the Unappropriated Balance to the Department's Contractual Services Account 003040 for the Crescent Villages Apartments Project. Our Office recommends only transferring \$534,668 from the Unappropriated Balance to HCID's Contractual Services Account 003040 because there should be a remaining balance of \$940 in the Department's Contractual Services Account for retrofit work (\$500,000 less \$499,060). The Department 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 reduce the amount transferred from the Unappropriated Balance to HCID for retrofit work, and transfer funds to a new account in the Accessible Housing Fund No. 10D to better track expenditures for the Accessible Housing Program.

FISCAL IMPACT STATEMENT

There is no additional impact to the General Fund. The proposed amendment to an existing loan for the Crescent Villages Apartments project will be paid for by budgeted monies within the Unappropriated Balance for retrofits that are part of the Accessible Housing Program. The recommendations in this

Balance for retrofits that are part of the Accessible Housing Program. 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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