

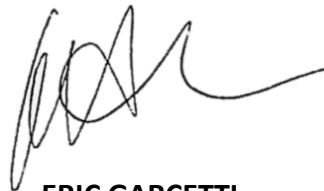
TRANSMITTAL

To: **THE COUNCIL**

Date: **08/30/22**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Andre Herndon) for

ERIC GARCETTI
Mayor

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

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August 25, 2022

Council File: New
Council Districts: 13
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR AUTHORITY TO APPROVE THE REPLACEMENT HOUSING PLAN FOR THE MONTECITO APARTMENTS

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD seeks approval, and requests authority to approve the Replacement Housing Plan (Plan) for the Montecito Apartments (M1), an affordable housing project developed by Thomas Safran and Associates (Developer) located at 6650 Franklin Avenue, Los Angeles, CA 90028.

The M1 received a loan from the Community Redevelopment Agency Los Angeles (CRA/LA) in 1996 and is currently providing affordable housing. A one-bedroom unit at M1 will be converted into a studio unit in order to accommodate the development of a new affordable housing project, Montecito II Senior Housing (M2). CRA law requires that the lost one-bedroom unit be replaced through the approval of the Plan.

The City of Los Angeles Housing Department ("LAHD" or "City") is the successor to the housing assets and housing functions of the 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.

The Montecito Apartments is a housing asset of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and must comply with California Health and Safety Code Section 3343.5, which requires

the approval of the Plan. The Plan is attached as Attachment A. A Plan is required when units that were financed with CRA/LA funds are removed from the affordable housing stock.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of LAHD, or designee, to approve the Montecito Apartments Housing Replacement Plan; and,
 - B. AUTHORIZE the General Manager of LAHD, or designee, to execute any documents required to effectuate this transaction consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Attorney as to form.

BACKGROUND

The Montecito Apartments (M1) project is a 116-unit affordable housing development with studio and one-bedroom units for people over 55 years old. M1 received a \$1,839,000 loan from the Community Redevelopment Agency Los Angeles (CRA/LA) in 1996. The project was placed in service in 2000 and the loan was fully repaid in 2011. The property, under the CRA affordable rental covenants, is still required to provide affordable housing to tenants at the 40%, 50%, 60%, and 70% HUD area median income limits.

M1 is on a lot that is being subdivided to accommodate the development of a new affordable housing project, Montecito II Senior Housing (M2). The new development will share a parking lot and other amenities with tenants of M1. To accomplish this, an existing one-bedroom unit at M1 needs to be converted into a studio unit that is located on the ground floor. This change will provide access to the M2 parking lot and building amenities. This reconfiguration will result in the loss of a one-bedroom unit at the M1 project. The M2 project will be a 64-unit senior affordable housing project consisting only of studio units.

Since M1 received CRA funds, CRA law requires that the lost unit must be replaced, preferably at a different project site within the same Plan Area. Additionally, the replacement of the lost unit to a new site must be memorialized in a Replacement Housing Plan. The one-bedroom unit from the M1 and its affordable rent restrictions will be replaced with a one-bedroom unit at the Hollywood Arts Collective (HAC) development site, located in the same Project Area as M1.

The Hollywood Arts Collective project was awarded a combination of California Tax Credit Allocation Committee low-income housing tax credit equity funds, conventional debt financing, Los Angeles Housing Department Housing Trust Funds, and developer equity in November 2020. The Hollywood Arts Collective project is not funded with CRA/LA Low-Moderate Income Housing Trust funds. The project is currently under construction and is expected to be completed by the end of 2023.

The displaced tenant from the one-bedroom unit at M1 will be relocated to a unit within M1 in accordance with the requirements of relocation law. All relocation costs for the displaced tenant will be paid by the owner of the M2 project.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

A handwritten signature in cursive script, appearing to read "Ann Sewill".

ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENT:

Attachment A - Replacement Housing Plan

Attachment A

Attachment A

MONTECITO APARTMENTS REPLACEMENT HOUSING PLAN

I. [SECTION 100] INTRODUCTION

Pursuant to State Law (Health and Safety Code Section 33413 (a), whenever dwelling units housing persons and families of low and moderate income are destroyed or removed from the low and moderate income housing inventory as part of a redevelopment project which is subject to a written agreement with the CRA/LA or where financial assistance has been provided by the CRA/LA, the CRA/LA shall, within four (4) years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed or constructed for rental or sale to persons of low and moderate income, an equal number of replacement units which have an equal or greater number of bedrooms as those destroyed or removed at affordable housing cost within the jurisdiction of the CRA/LA.

The replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate) as the persons displaced from those destroyed or removed units.

The CRA/LA may replace destroyed or removed dwelling units with a fewer number of replacement units if the number of bedrooms in the replacement units exceeds the number of bedrooms being removed and the replacement units are affordable to and occupied by the same income level of households as the removed units. This requirement is separate from the requirement for residential relocation.

The City of Los Angeles Housing Department ("LAHD" or "City") is successor to the housing assets and housing functions of the 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.

The "Redevelopment Plan" (defined below) for the "Project Area" (defined below) was prepared by the Community Redevelopment Agency of the City of Los Angeles, California and Los Angeles City Council on May 7, 1986.

This document constitutes the "Plan" (defined below) for "Montecito Apartments" project (the "Project", defined below). The Plan will guide and facilitate the rehabilitation or construction of replacement housing for persons or families of low/moderate income in accordance with the requirements of the Redevelopment Plan.

The replacement dwelling units shall be available at affordable housing costs and constructed in accordance with relevant provisions of the Community Redevelopment Law and this Plan. Vacant units formerly housing persons or families of low/moderate income shall also be replaced according to the above provisions and shall be available and affordable to persons or families of the same income categories as those which previously occupied the removed dwelling units.

Montecito Apartments is a 116 unit affordable housing development for people 55 and over located at 6650 Franklin Ave., Los Angeles, CA, 90028 in Council District 13. Montecito

Apartments was placed in service on August 1, 2000. It currently sits on a lot that is being subdivided to accommodate a new, 64-unit affordable housing project for people 62 and over called, Montecito II Senior Housing. The permitted design of Montecito II Senior Housing contemplates that the Montecito II Senior Housing improvements will have direct access to the existing Montecito Apartments improvements, thereby granting tenants at Montecito Apartments access to a shared parking lot and new amenities such as a new gym and rooftop terrace within the Montecito II Senior Housing building and granting Montecito II Senior Housing tenants access to amenities at Montecito Apartments. The two buildings will physically connect at the ground level through a hallway made available by the reconfiguration of an existing one-bedroom unit located at Montecito Apartments. Montecito Apartments has agreed to facilitate the contemplated design of Montecito II Senior Housing and convert a one-bedroom unit at Montecito Apartments into a studio unit to accommodate the connection between Montecito II Senior Housing and Montecito Apartments provided that the conversion of such unit be undertaken at the sole cost and expense of Montecito II Senior Housing.

The one-bedroom replacement unit is being replaced with a unit located in a 151-unit affordable housing project located at 1630 Schrader Blvd, Los Angeles, CA 90028 in Council District 13, called the Hollywood Arts Collective. The Hollywood Arts Collective project is currently under construction and is expected to be complete by November 2023.

II. [SECTION 200] GENERAL DEFINITIONS

The following definitions will govern the meaning and interpretation of this Plan unless the context otherwise requires:

A. "Affordable Rent", "persons and families of low/moderate income", and "very low income households", which shall include, where applicable, senior citizens and the handicapped, shall have the same meanings as defined by the Health and Safety Code and other state and local laws and regulations pertinent thereto.

B. "CRA/LA" means The Community Redevelopment CRA/LA of the City of Los Angeles, California.

C. "City" means the City of Los Angeles, California.

D. "Moderate Income", "Low Income", "Very Low Income", "Extremely Low Income" shall have the same meaning as set forth in the Health and Safety Code Section 50093.

E. "Montecito II" or "Project" means the future development of a 64-unit project serving seniors (aged 62+), including one manager unit. Of the 64 units, 32 units will be set aside for permanent supportive housing for persons that have previously experienced homelessness (with 16 units set aside for seniors experiencing chronically homelessness). The development will include the following amenities: a community room, a fitness room, a television room, a kitchen, a laundry facility, outdoor open space, thirty subterranean parking spaces (three will be reserved for handicap use), a computer lab, resident services (financial literacy workshops, healthy living workshops, etc.), and supportive case management services.

F. "Plan" means this Replacement Housing Plan.

G. "Project Area" means the area included within the boundaries of the Hollywood Redevelopment Project.

H. "Redevelopment Plan" means the Redevelopment Plan for the Hollywood Redevelopment Project.

I. "Replacement Dwelling Unit" means a dwelling unit rehabilitated, developed or constructed in replacement of a dwelling unit destroyed or removed from the low/moderate income housing inventory of the City and which is decent, safe and sanitary, and contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed by the CRA/LA. The replacement dwelling unit may be for rental or for-sale.

J. "Replacement Property" means the real property located at 1630 Schrader Boulevard, Los Angeles, California and the improvements located thereon which is expected to receive a temporary certificate of occupancy by November 1, 2023.

K. "Site", "Subject Property" means the real property at 6650 Franklin Avenue, Los Angeles, CA, 90028.

III. [SECTION 300] PURPOSE OF THE PLAN

The CRA/LA proposes to implement the Redevelopment Plan by assisting in the construction of the following development:

Pursuant to the planning approvals in connection with the development of the Project, the Owner is required to reconfigure a one-bedroom apartment at The Montecito Apartments that is owned by MAH into a studio apartment, in order to construct a connection between The Montecito Apartments and the Project.

The Owner has identified one replacement unit for the reconfigured one-bedroom apartments at the Replacement Property subject to the LAHD and City Council's review and approval. The Owner and the City agreed that the City will record affordability covenants and related restrictions on the Replacement Dwelling Units at Replacement Property for not less than 55 years.

The following describes the actual units removed the Subject Property and the dwelling units to serve as Replacement Dwelling Units at the Replacement Property:

At the Subject Property, a one-bedroom unit, unit #103, will be renovated into a studio unit. The unit is restricted to households earning up to 60% of HUD Area Median Income (AMI) with the rent set at no more than 30% of 60% AMI. This unit will be replaced with a one-bedroom unit at the Replacement Property that will be restricted to households earning up to 60% AMI. Rents for the replacement unit will be set at no more than 30% of 60% AMI as calculated in accordance with the terms of the existing affordability restrictions imposed by the City respect to unit #103 at Montecito Apartments.

The one-bedroom unit from the Montecito Apartments and its affordable rent restrictions are being replaced with another one-bedroom unit at the Hollywood Arts Collective, which is located in the same Project Area as the Montecito Apartments.

IV. SECTION 400] GENERAL LOCATION OF HOUSING

The location of the Replacement Dwelling Units constructed and/or rehabilitated will be located at 1630 Schrader Boulevard, Los Angeles, California (the “Replacement Property”).

V. [SECTION 500] METHOD OF FINANCING

The financing for the replacement unit at Hollywood Arts Collective excludes CRA/LA Low-Moderate Income Housing Trust funds.

The funding for the subject replacement housing units is a combination of California Tax Credit Allocation Committee low-income housing tax credit equity funds, conventional debt financing, Los Angeles Housing Department Housing Trust Funds, and developer equity that were secured in November 2020.

VI. [SECTION 600] TIME FRAME FOR DEVELOPMENT OF THE REPLACEMENT HOUSING

The following dates apply to the Replacement Dwelling units.

<u>Project</u>	<u>Completion Date</u>
The Hollywood Arts Collective	November 1, 2023

Thus, one low-income Replacement Dwelling Unit will be constructed at the Replacement Property within the four-year period as required by State Law. The displaced tenant from the 1-bedroom unit at Montecito Apartments will be relocated to a unit within Montecito Apartments in accordance with the requirements of relocation law. All relocations costs for the displaced tenant will be paid by the owner of the Montecito II Senior Housing.

VII. [SECTION 700] CONSULTATION.

Pursuant to California Redevelopment Law (Health and Safety Code Section 33413.5), the draft Replacement Housing Plan will be made available for review and comment by the general public and relevant public agencies.