

HOUSING COMMITTEE REPORT relative to increasing the Naturally Occurring Affordable Housing (NOAH) Loan Program amount for the Normandie Lofts Project located at 167 South Normandie Avenue and related actions.

Recommendations for Council action, as initiated by Motion (Wesson - Cedillo), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. INSTRUCT the Los Angeles Housing and Community Investment Department (HCIDLA) to:
 - a. Increase the Normandie Lofts Project loan amount from \$990,000 to \$1,500,000 to match the amount provided by the California Housing Finance Agency (CalHFA), and allocate funding equally among the 49 units, which excludes the manager's unit.
 - b. Allow the term of the HCIDLA Loan and Regulatory Agreement to be 40 years, so that it is co-terminus with the CalHFA Loan and Regulatory Agreement.
 - c. Modify the NOAH Loan Program to provide funding to various income levels so that the building average is at or below 80 percent of Area Median Income.
2. AUTHORIZE the Controller to transfer an appropriation in the amount of \$794,000 within the Affordable Housing Trust Fund No. 44G from Account No. 43M357- Local Funding for Affordable Housing to Account No. 43P678- NOAH Loan Program.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On June 12, 2019, your Committee considered a Motion (Wesson - Cedillo) relative to increasing the NOAH Loan Program amount for the Normandie Lofts Project located at 167 South Normandie Avenue and related actions. According to the Motion, on July 6, 2018, Council approved the HCIDLA's request to fund and execute a NOAH loan agreement with Normandie Lofts KTown LLC, a California Limited Liability Company (Developer) for the Normandie Lofts Project (Council File No. 17-1258). The Project is a 50-unit market rate apartment building built in 1928, and located at 167 South Normandie Avenue, Los Angeles, CA, 90004, in the Koreatown community of Los Angeles, in Council District 10.

The HCIDLA was provided the authority execute a subordinate residual receipts loan agreement with the Developer in an amount not to exceed \$990,000, to rehabilitate an existing market-rate apartment building. The HCIDLA's loan provides \$30,000 per unit and restricts 33 of the units to rents that are affordable to households at or below 80 percent of the AMI. In a separate agreement, the CalHFA conditionally approved \$2,000,000 in subordinate financing and \$7,200,000 in a permanent loan and will place income restrictions on 50 units as follows: 10 units @ 50 percent AMI; 34 units @ 80 percent AMI; and 6 units @ 100 percent AMI. The New

Generation Fund has provided \$7,200,000 for acquisition financing which will be taken out by the permanent loan from the CalHFA. CalHFA is finalizing its underwriting for the Project and has informed HCIDLA that it will provide the Project's soft second subsidy financing in the amount of \$1,500,000. As part of its partnership with CalHFA, the HCIDLA is matching CalHFA's funding amount, which will provide financing to units at various income levels ranging from 50 percent of AMI to 100 percent of AMI, with an overall average of at or below 80 percent AMI. Additionally, HCIDLA has recently obtained an additional \$794,000 for the NOAH Program. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the Motion, as amended and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	ABSENT

ARL
6/12/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-