

**MOTION**

TO CITY CLERK FOR PLACEMENT ON NEXT  
REGULAR COUNCIL AGENDA TO BE POSTED

#54

On February 25, 2022, the Council and Mayor approved funding for the development of Crocker-Umeya Apartments (CF #22-0876) located 231 E. Third Street (Project). The Project will be developed by the Crocker Apartments LLC with Little Tokyo Service Center Community Development Corporation as the General Partner (Developer). The Project is a mixed-use development featuring 175 affordable apartments, including two units for on-site property managers. A total of 87 units will be set aside for supportive housing and 86 will be set-aside for households earning no more than 60 percent of Area Median Income.

The Project was previously awarded \$20,000,000 in State funding from the Affordable Housing Sustainable Communities Program and on September 6, 2022 it received an award of \$48,116,734 from the California Department of Housing and Community Development's Housing Accelerator Program. The deadline for closing construction financing is March 5, 2023. Due to volatility in the cost of materials, construction costs have increased more than \$5 million. Interest rates have also increased from 3 to 4 percent to just under 8 percent, reducing the size of permanent debt available to finance the Project, also by more than \$5 million. In addition, lender-required capitalized reserves have increased by over \$4 million.

In light of a potential \$14 million funding gap, the Developer has undertaken value engineering measures and has worked with the lending team on terms and conditions to reduce the funding gap to \$5 million. To help bridge that gap, the Council Office is making available \$1.5 million in discretionary funding. This funding commitment and other prior commitments brings the City's cumulative investment in this Project to \$10,180,000.

I THEREFORE MOVE that the City Council, subject to the approval of the Mayor, authorize the General Manager of LAHD, or designee, to:

1. Effectuate a loan for \$1,500,000 from the CD 14 Public Benefits Trust Fund – Affordable Housing to Crocker Apartments LLC for the Crocker-Umeya Apartments located at 231 E. Third Street (Project), subject to the following terms:

|           |                     |
|-----------|---------------------|
| Term      | 55 years            |
| Interest  | 3 percent per annum |
| Repayment | Residual receipts   |

2. Obligate funds for the Project and cause these funds to be transferred, as follows:

**FROM**

**TO**

| Fund   | Account | Name  | Amount      | Fund   | Account | Name                 | Amount      |
|--------|---------|---|-------------|--------|---------|----------------------|-------------|
| 57L/14 | 14V314  | CD 14 Public Benefits Trust Fund – Affordable Housing | \$1,500,000 | 44G/43 | 43WC68  | Umeya Apartments TOD | \$1,500,000 |

3. Draft, negotiate, and execute loan documents, subject to the approval of the City Attorney as to form, and make any technical corrections to the fund transfer instructions, as necessary, to effectuate the intent of this Motion.

I FURTHER MOVE that the Controller be authorized to transfer appropriations as described in this Motion, implement the instructions, and expend funds upon receipt of proper demand by the General Manager of LAHD, or designee.

PRESENTED BY: Monica Rodriguez  
MONICA RODRIGUEZ  
Councilmember, 7<sup>th</sup> District

SECONDED BY: [Signature]

PK  
DEC 02 2022

ORIGINAL