


REPORT OF THE PRESIDENT

August 27<sup>th</sup>, 2020

**RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., TO ENTER INTO THE JORDAN DOWNS PHASE S4 LIMITED PARTNERSHIP AS THE MANAGING GENERAL PARTNER, AUTHORIZING AND APPROVING THE EXECUTION BY THE PRESIDENT OR HER DESIGNEE OF THE JORDAN DOWNS PHASE S4 LIMITED PARTNERSHIP AGREEMENT AND PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**



Tina Booth  
President



Lisette Belon  
Secretary

**Purpose:** Approve and adopt the Resolution authorizing the President of La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“La Cienega”) to enter into the Jordan Downs Phase S4, Limited Partnership (the “Partnership”) as the Managing General Partner (“MGP”) by executing the Limited Partnership Agreement (“LPA”). Inclusion of La Cienega into the partnership prior to funding application submittal for the State of California’s Housing and Community Development Department’s Multifamily Housing Program (“MHP”) is required in order to give a competitive advantage to the Partnership’s application for funding in the amount up to \$16,350,000.

**Regarding:** On June 28, 2012 by Resolution 8969, HACLA’s Board of Commissioners unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of the BRIDGE Housing Corporation (“BRIDGE”) and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012. The terms of the MDA contemplate that an Instrumentality of HACLA will participate in the ownership of the redeveloped housing phases of Jordan Downs and HACLA has chosen its instrumentality, La Cienega, to participate in Phase S4 as the MGP.

**Issues:**  
*Background* The Housing Authority of the City of Los Angeles (“HACLA”) desires to continue to transform the Jordan Downs public housing community into an environmentally friendly, vibrant, urban village, conducive to healthy living and economically progressive conditions. The redevelopment plan for Jordan Downs is intended to ignite a renewal in the greater south Los Angeles community. HACLA initiated a long-range plan to redevelop Jordan Downs in 2008. These efforts included acquiring an adjacent site and establishing the Jordan Downs Community Advisory Committee in 2008, preparing a Community-Based Master Plan in 2009, which ultimately led to the drafting and adoption of a Specific Plan and Environmental Impact Report (“EIR”) in 2011.

*Development:* Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. This collaboration has involved developing a site plan, conducting architectural studies and pursuing competitive and non-competitive financing for each phase. Phase 1A, was completed by BRIDGE, delivered 115

apartment units to the community and is now 100% occupied. The Michaels Organization is scheduled to complete Phase 1B, a 135-unit residential development in October 2020. Phase S3, a 93-unit residential development and Area H, an 80-unit residential development are under construction with tentative completion in 2023 and 2021 respectively.

Primestor's Phase 1C commercial development, Jordan Plaza, is an 118,000 square foot commercial retail shopping center and was completed in November 2019. Several of the stores are now open, including anchor tenants, and other retail or commercial tenants are currently undergoing tenant improvements.

Phase S4 will be comprised of 90 apartments and developed on a 1.99-acre parcel. The development site is located on 101<sup>st</sup> Street, across from the Phase S2 & Phase S3 projects. Affordability levels and unit mix breakdown by subsidy are indicated in the tables below:

Size	30%	50%	60%	80%	Unrestricted	Manager	Total by Bedroom
1 Bedroom	11	4	1	0	4	0	20
2 Bedroom	19	7	5	3	4	0	38
3 Bedroom	11	7	4	1	2	1	26
4 Bedroom	1	1	0	0	1	0	3
5 Bedroom	2	1	0	0	0	0	3
<b>Totals</b>	<b>44</b>	<b>20</b>	<b>10</b>	<b>4</b>	<b>11</b>	<b>1</b>	<b>90</b>

Size	Section 8 PBV	RAD	No Subsidy	Non Revenue	Total by Bedroom
1 Bedroom	13	3	4	0	20
2 Bedroom	25	6	7	0	38
3 Bedroom	15	5	5	1	26
4 Bedroom	2	1	0	0	3
5 Bedroom	1	2	0	0	3
<b>Totals</b>	<b>56</b>	<b>17</b>	<b>16</b>	<b>1</b>	<b>90</b>

#### *Developer/ Ownership*

Pursuant to the MDA, Jordan Downs Community Partners, LLC has assigned its rights and obligations to develop and own Phase S4 to Jordan Downs Phase S4, LP, a California limited partnership. The current General Partner of Jordan Downs Phase S4, LP is Jordan Downs Phase S4-Michaels LLC, a California limited liability company, whose manager is The Michaels Development Company I, L.P. In order to apply and be competitive for MHP funding, it is necessary for La Cienega to join the Partnership now. After executing the LPA, La Cienega will be admitted to the Partnership as the Managing General Partner (.0049% ownership share) and Jordan Downs Phase S4-Michaels LLC,

a California limited liability company (an affiliate of Michaels) will be admitted as the Administrative General Partner (“AGP”) (.0051% ownership share).

The current limited partners are Michael J. Levitt and Andrew Bocchino, but these individuals will be substituted with a tax credit investor upon closing of the construction financing for the transaction and the execution of a new Amended and Restated Limited Partnership Agreement.

*Role as the MPG*

After the construction finance closing, as the MGP, La Cienega will perform those responsibilities required by the State Board of Equalization (“SBOE”) to maintain the property tax welfare exemption for Phase S4 and other responsibilities, as provided in the LPA. Remaining Partnership responsibilities will be performed by the AGP or will be delegated to the AGP by the MGP under the supervision of the MGP as required by the SBOE.

La Cienega is scheduled to receive an annual MGP Partnership Management Fee in the initial amount of \$20,000 (subject to an annual 3% increase).

While LOMOD is the MGP of the Partnership, it will not provide any development or operational guarantees to any lender or investor. Guarantees are borne solely by the AGP and its affiliates. Further, if La Cienega has an uncured default under the LPA, only its non-recourse partnership interest can be accessed to satisfy any liability. The only exceptions are if La Cienega has committed fraud or misappropriated partnership funds.

After the Tax Credit Compliance Period of fifteen (15) years, the Limited Partnership Agreement provides that HACLA or its designee, including La Cienega, shall have an option to purchase (“Purchase Option”) the Partnership’s interest in the real estate, ground lease, structures, improvements, fixtures, and personal property comprising Phase S4. Similarly, HACLA or its designee, including La Cienega shall also be granted a Right of First Refusal (“ROFR”) regarding other bona fide offers following the close of the Tax Credit Compliance Period. Both the Purchase Option and the ROFR shall have a term of three years. HACLA will continue to be the Ground Lessor after the end of the Tax Credit Compliance Period.

The financial construction closing of Phase S4 is estimated to occur in the first quarter of 2023, and construction will commence soon thereafter. Construction is scheduled to be completed by summer 2024, and the construction financing will convert to permanent financing approximately six (6) months after completion of construction.

La Cienega typically would not enter into the Limited Partnership structure at this early stage in predevelopment, however by doing so now, Phase S4 improves its chances of securing funds under the State of CA Multifamily Housing Program. Applicants who have fully formed and admitted all general partner entities shall be awarded one bonus point. Phase S4 will be applying for \$16,350,000 in MHP grant funding in September 2020.

**Funding:** No Funding is required for this action.

**Environmental Review:**

Pursuant to 24 CFR Part 58, the City of Los Angeles, its Housing and Community Investment Department serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI for the entire project was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016 the U.S. Department of Housing and Urban Development's Office of the Field Office Director issued approval of the Housing Authority's Request for Release of Funds and Environmental Certification.

*Section 3:*

The Developer will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Developer and their General Contractor will require the use of best efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD's Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Developer and their General Contractor shall strive and use best efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the General Contractor will be asked to commit to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

**Attachments:**

1. Resolution
2. Organizational Chart
3. S4 Site plan

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., TO ENTER INTO THE JORDAN DOWNS PHASE S4 LIMITED PARTNERSHIP AS THE MANAGING GENERAL PARTNER, AUTHORIZING AND APPROVING THE EXECUTION BY THE PRESIDENT OR HER DESIGNEE OF THE JORDAN DOWNS PHASE S4 LIMITED PARTNERSHIP AGREEMENT AND PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, La Cienega LOMOD, Inc. ("La Cienega") is an instrumentality of the Housing Authority and a nonprofit public benefit corporation duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Nonprofit Public Benefit Corporation Law, consisting of Part 2 of Division 2 of Title 1 of the California Corporations Code (the "Act"); and

**WHEREAS**, the Act authorizes La Cienega to make and execute contracts and other instruments necessary or convenient for the exercise of its powers; and

**WHEREAS**, the Housing Authority of the City of Los Angeles ("Authority") intends to transform the Jordan Downs public housing community into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions; and

**WHEREAS**, on June 28, 2012, the Authority's Board of Commissioners unanimously authorized the President and CEO to execute a Master Development Agreement ("MDA") with Jordan Downs Community Partners, LLC, ("Master Developer") for the redevelopment of Jordan Downs following which the MDA between the Authority and the Master Developer was executed on August 1, 2012 as amended; and

**WHEREAS**, the Authority and the Master Developer have been working closely since 2012 to implement the vision of a redeveloped Jordan Downs including the vertical residential development of the phase S4 Residential Project (the "Project") by Jordan Downs Phase S4, LP ("Phase S4 Owner") and meeting with the residents on redevelopment progress to ensure consistency and transparency; and

**WHEREAS**, Jordan Downs Phase S4 will be comprised of 90 units in an affordable residential development with amenities, of which seventeen (17) units are Rental Assistance Demonstration ("RAD") units, fifty-six (56) regular Project Based Voucher ("PBV") units and seventeen (17) units will be unrestricted; and

**WHEREAS**, the Housing Authority and the Phase S4 Owner have determined that La Cienega will be the non-profit Managing General Partner for Phase S4 of the Jordan Downs redevelopment ("Project"); and

**WHEREAS**, in order to apply for MHP funding for the Phase S4 Project, it is necessary for a non-profit MGP to be admitted to the Partnership now in order for the application to be competitive for funding; and

**WHEREAS**, La Cienega will execute the Limited Partnership Agreement ("LPA") in advance of the State's HCD Multifamily Housing Program ("MHP") application; and

**WHEREAS**, the Authority and the Phase S4 Owner have agreed that the managing general partner of Jordan Downs Phase S4, LP, will be La Cienega ("MGP"), Jordan Downs Phase S4-Michaels LLC will be the administrative general partner ("AGP"), and a tax credit equity investor will be admitted to the Partnership as the Investor Limited Partner ("ILP") of Jordan Downs Phase S4, LP at the construction financing closing and all partners will execute an amended Limited Partnership Agreement ("ALPA"); and

**WHEREAS**, the Phase S4 Owner will apply to receive funding from several sources including Federal Low Income Tax Credits, the HUD Choice Neighborhoods Initiative grant funds, State of California Housing and Community Development Department's ("HCD") Multifamily Housing Program ("MHP"), HACLA Section 8 Project Based Vouchers and Rental Assistance Demonstration ("RAD") to finance the development of the Project; and

**WHEREAS**, La Cienega will serve as the MGP of Phase S4 and perform those responsibilities required by the State Board of Equalization ("SBOE") to obtain and maintain the Project's welfare property tax exemption and as otherwise provided in the LPA and will delegate other Partnership responsibilities to the AGP; and

**WHEREAS**, La Cienega is scheduled to receive an annual MGP Partnership Management Fee in the amount of \$20,000 (subject to an annual 3% increase); and

**WHEREAS**, after the construction finance closing and the ALPA is executed HACLA or its instrumentality, potentially including, La Cienega, will receive an option to purchase ("Purchase Option") for the Partnership's interest in the real estate, ground lease, structures, improvements, fixtures, and personal property comprising the Project which they may exercise after the Tax Credit Compliance Period for up to 3 years, and a Right of First Refusal ("ROFR") regarding other bona fide offers for up to three years following the close of the Tax Credit Compliance Period; and

**WHEREAS**, the HACLA will return to the Board of Directors of La Cienega to approve the execution of any additional financing and ownership documents, including the ALPA, adding the equity investor, and the execution of any documents, certificates and agreements related to the Project in order to consummate the successful financial and construction closing of the Project.

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Directors of La Cienega does hereby authorize and approve as follows:

The President, the Secretary or the Treasurer or LOMOD (collectively, the "Authorized Representatives") and each of their respective designees, are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all financing or ownership documents, including the Limited Partnership Agreement adding La Cienega as the MGP, all with such changes as approved by legal counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions heretofore taken by the officers, employees, attorneys and agents of La Cienega with respect to the Project transactions are hereby approved and ratified, and the Authorized Representatives of La Cienega and the authorized deputies and employees of La Cienega, and each of them, are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or legal counsel may deem necessary or advisable to consummate the development and financing of the Project and to otherwise to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the La Cienega Board of Directors.

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

APPROVED AS TO FORM:  
JAMES JOHNSON



LA CIENEGA LOMOD

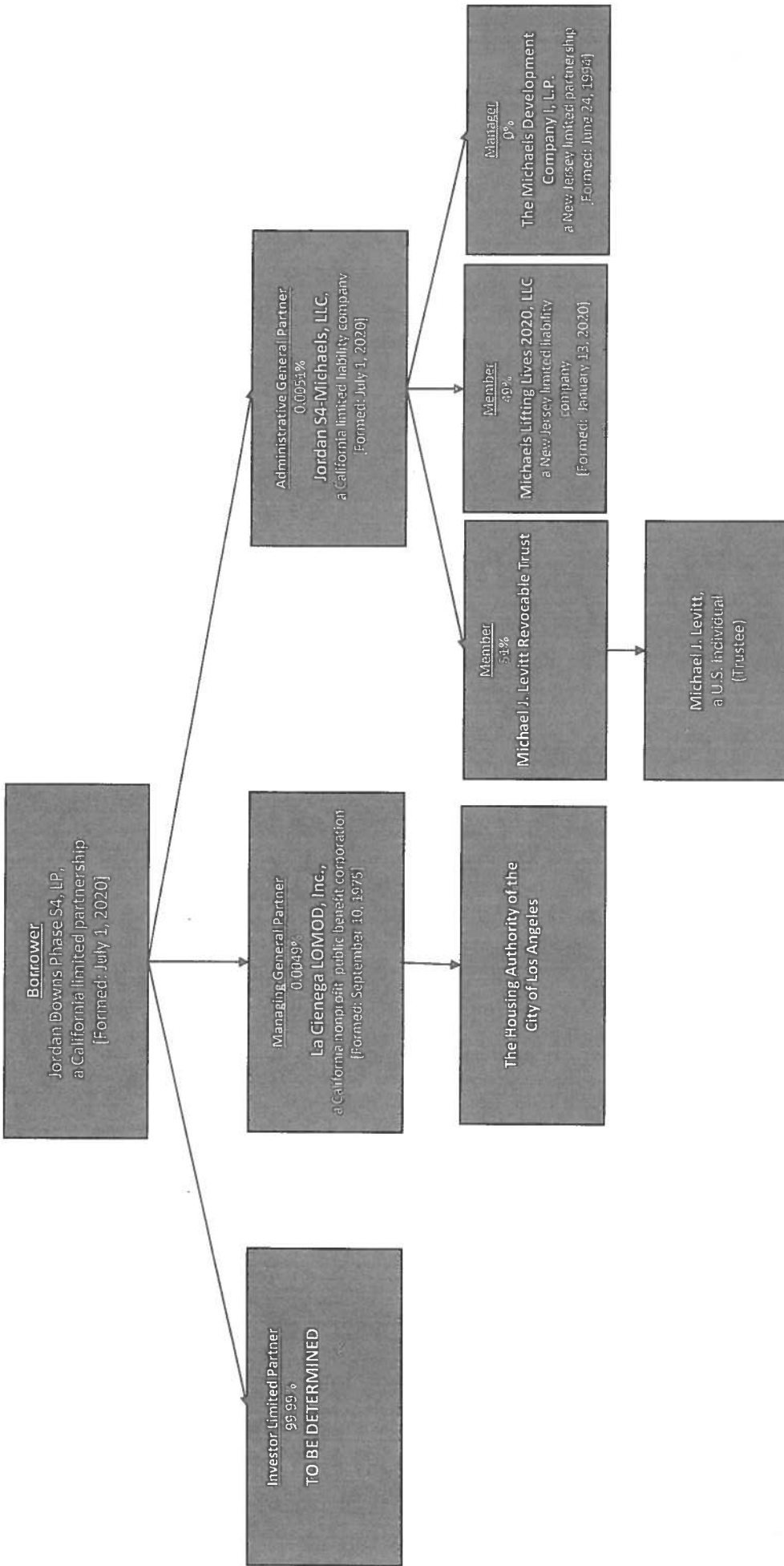
BY: \_\_\_\_\_  
GENERAL COUNSEL

BY: \_\_\_\_\_  
CHAIRPERSON

DATE ADOPTED: \_\_\_\_\_

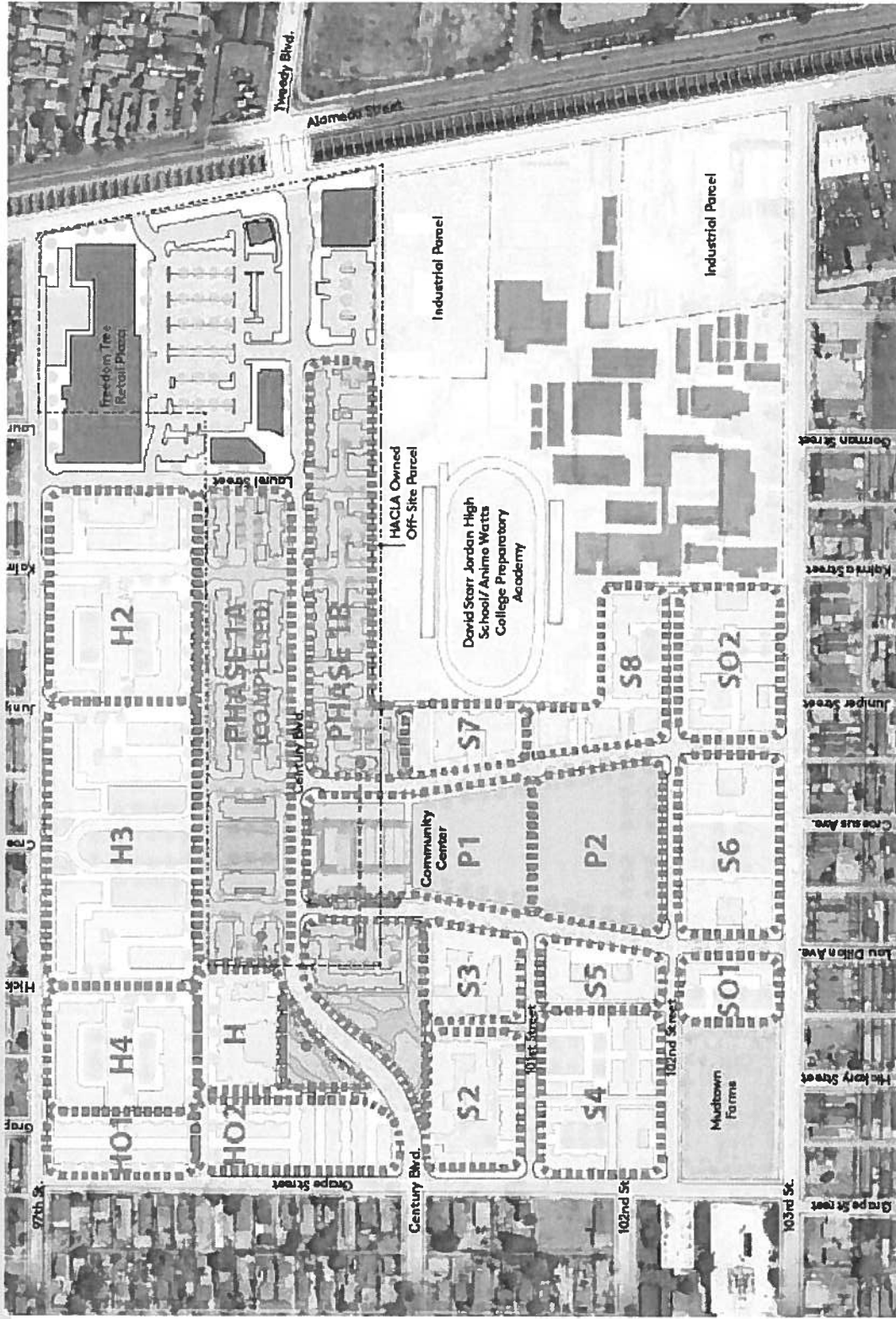
# Attachment 2





# Attachment 3

# Jordan Downs Future



COMMUNITIES THAT *lift* LIVES



Michael's