



City of Culver City

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Staff Report

File #: 23-450, **Version:** 1

Item #: A-1.

CC:HA - ACTION ITEM: Discussion and (if Desired) Approval of a Request by Community Corporation of Santa Monica to Modify the Revised Construction and Permanent Loan Commitment Letter in the Amount of \$4 million to Remove the Local Preference Requirement for the Proposed 100% Affordable Housing Development Located at 4464 Sepulveda Boulevard, Culver City, CA 90230 to Meet Eligibility Criteria under the Los Angeles County Development Authority Multi-Family Rental Housing Notice of Funding Availability 28 for Project-Based Rental Assistance.

Meeting Date: December 05, 2022

Contact Person/Dept.: Tevis Barnes, Housing and Human Services Department

Phone Number: (310) 253-5782

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Attachments: Yes ☒ No ☐

Commission Action Required: Yes ☐ No ☒ **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (11/30/2022); Community Corporation of Santa Monica (11/29/2022); and Culver Palms United Methodist Church (12/01/2022).

Department Approval: John Nachbar, City Manager (11/30/2022)

RECOMMENDATION:

Staff recommends the City Council and the Housing Authority ("Authority") Board discuss and, if desired, approve a request by Community Corporation of Santa Monica ("Community Corp") to modify the revised Construction and Permanent Loan Commitment Letter ("Commitment Letter") in the amount of \$4 million to remove the stipulation for a local preference requirement for the proposed 100% affordable housing development located at 4464 Sepulveda Boulevard, Culver City, CA 90230 to meet eligibility criteria under the Los Angeles County Development Authority ("LACDA") Multi-Family Housing Notice of Funding Availability ("NOFA") 28 for project-based rental assistance.

BACKGROUND:

On June 13, 2022, the City Council and Authority Board jointly approved an increase in the funding commitment to Community Corp for the proposed Jubilo Village development located at 4464 Sepulveda Boulevard, Culver City, CA 90230 ("Project") from \$2 million to \$4 million. The increased funding commitment to \$4 million stipulated that a local preference will be given to Culver City residents during the tenant selection process. Jubilo Village will be a 100% affordable housing development that will provide 95 affordable one, two and three-bedroom apartments to at-risk and low-income households. The development will be service-enriched and provide onsite supportive services through a partnership with Upward Bound House (UBH), a Culver City local emergency shelter for homeless children and their families. In addition to providing residents with access to resources, the development will also include onsite property management services. The Project will be developed in partnership with the property owner, Culver Palms United Methodist Church, and will include a mixed-use project on the church property. If approved and developed, the Project will be the City's second 100% affordable mixed-used project; the first being Tilden Terrace located on Washington Boulevard.

DISCUSSION:

To secure project-based rental assistance, which will help fund operations and services, the Community Corp intends to apply under the Los Angeles County Development Authority (LACDA) released Notice of Funding Availability for Affordable Multifamily Rental Housing, Round 28 ("NOFA 28"). The LACDA NOFA 28 outlines the following:

"Projects that propose or implement a local preference will not be eligible for funding. An exception to this prohibition may be made for projects in jurisdictions with their own Continuum of Care".

In order for Community Corp's application to qualify for NOFA 28, the City/Authority would need to remove the requirement that a local preference be given to Culver City residents in the tenant selection process.

Culver City does not administer its own Continuum of Care and falls under the auspices of the Los Angeles Homeless Services Authority ("LAHSA"), which means that Community Corp is not entitled to the local preference exception. Staff has requested Community Corp discuss a local preference provision exemption with LACDA and is awaiting follow up on the request.

The revised Commitment Letter dated June 22, 2022, states: "The Project shall comply with all applicable known codes, standards, and current zoning requirements. Applicants are advised to check with Authority and the Community Development Department, Current Planning Division.... ***The Project shall be leased-up according to the local preference policy of the City of Culver City (which includes priority to persons and families who reside in Culver City), if consistent with federal laws and regulations, and in a manner acceptable to Authority***".

If it is the direction of the City Council and Authority Board, a new revised Commitment Letter will be issued for the Project with the above language removed. This revision will not impact the \$4 million dollar obligation.

If Community Corp is awarded LACDA NOFA 28 funding, the City/Authority will be required to enter into an interagency agreement authorizing LACDA to operate in the Culver City jurisdiction and administer the project-based rental assistance. LACDA will be responsible for selecting tenants, certifying tenant income, maintaining the Project waiting list and assuring the building is properly maintained and managed. A sample interagency agreement has been provided to Staff and is under review by the City Attorney's Office and Housing Authority special counsel.

It should be noted that in January 2022, Community Corp was notified that it was not awarded funding under the LACDA NOFA Round 27 because the Project did not meet funding threshold requirements. The disapproval significantly undermined the financial viability of the Project. However, Community Corp believes that it will be able to secure additional funding from other State and local resources to complete the development.

FISCAL ANALYSIS:

Issuance of a revised Commitment Letter will have no impact on the current \$4 million obligation. Prior to the finalization and execution of the \$4 million Commitment Letter with Community Corp, the City/Authority researched the fund balance in the Authority's Low Moderate Income Housing Asset Fund (LMIHAF) and found that there were sufficient funds to support the \$4 million obligation, even after factoring in other large scale funding commitments.

ATTACHMENTS:

1. Revised Commitment Letter
2. Los Angeles County Development Authority Multifamily Rental Housing Notice of Funding Availability 28

MOTION:

That the City Council and Housing Authority Board:

1. Approve a request by Community Corporation of Santa Monica to modify the revised Construction and Permanent Loan Commitment Letter in the amount of \$4 million to remove the stipulation for a local preference requirement for the proposed 100% affordable housing development Located at 4464 Sepulveda, Culver City, CA to meet eligibility criteria under the Los Angeles County Development Authority Multi-Family Housing Notice of Funding Availability 28 for project-based rental assistance; and
2. Authorize the City Attorney/Housing Authority General Counsel and Housing Authority Special Counsel to review/prepare the necessary documents; and
3. Authorize the City Manager/Executive Director to execute such documents on behalf of the

City and Housing Authority; or

4. Disapprove the request by Community Corporation of Santa Monica for revision of the Construction and Permanent Loan Commitment Letter; or
5. Provide other direction to the City Manager/Executive Director as deemed appropriate.