



AGENDA AND NOTICE OF THE SPECIAL MEETING OF THE  
SAN GABRIEL VALLEY REGIONAL HOUSING TRUST FUND BOARD OF  
DIRECTORS

TUESDAY, JULY 18, 2023 – 1:00 P.M.

SGVCOG Office

1333 S. Mayflower Avenue, Suite 360 Monrovia, CA 91016

**SGVRHT Officers**

*Chair*  
Jed Leano

*Vice-Chair*  
Becky Shevlin

**Jurisdictional Representatives**  
*Northeast Representative*  
Gary Boyer, Glendora

*Northwest Representative*  
Becky Shevlin, Monrovia

*Central Representative*  
Emmanuel Estrada,  
Baldwin Park

*Southeast Representative*  
Patty Cortez, Covina

*Southwest District*  
Adele Andrade-Stadler,  
Alhambra

*At-Large Representatives*  
Margaret Finlay, Duarte  
Jed Leano, Claremont

**Housing/Homeless Experts**  
Carol Averell (Delegate)  
Benita DeFrank (Delegate)  
Alma Martinez (Alternate)

- Members**  
Alhambra  
Arcadia  
Azusa  
Baldwin Park  
Claremont  
Covina  
Diamond Bar  
Duarte  
El Monte  
Glendora  
Irwindale  
La Cañada Flintridge  
La Verne  
Monrovia  
Montebello  
Monterey Park  
Pasadena  
Pomona  
San Gabriel  
South El Monte  
South Pasadena  
Temple City  
West Covina

Thank you for participating in today’s meeting. The Board of Directors encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** The agenda packet is available at the San Gabriel Valley Council of Government’s (SGVCOG) Monrovia Office, 1333 S. Mayflower Avenue, Suite 360, Monrovia, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvkog.org](mailto:sgv@sgvkog.org)). A copy of the agenda is also posted for public viewing at the entrance of the SGVCOG Monrovia Office Building. Any additional agenda documents that are distributed to a majority of the Board after the posting of the agenda will be available for review in the SGVCOG office during normal business hours and on the SGVCOG website noted above.

**PUBLIC PARTICIPATION:** Your participation is welcomed and invited at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks. A person who continues to disrupt the orderly conduct of the meeting, after being warned by the Board Chair or designee to cease the disruption, may be precluded from further participation in the meeting.

**TO ADDRESS THE GOVERNING BOARD:** At a regular meeting, the public may comment: (i) on any matter within the jurisdiction of the Board of Directors that is not on the agenda during the public comment period at the beginning of the agenda; (ii) on any item(s) that is on the Consent Calendar prior to action taken on the Consent Calendar; and (iii) on any other agenda item prior to the time it is considered by the Board. during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public are requested to state their name prior to speaking. Comments are limited to a maximum of three minutes per person. The Board President may impose additional time limits if comments become repetitious, an individual member of the public seeks to speak on numerous items, or a large number of members of the public seek to speak on an item. Except in limited situations, the Board may not take action on items not appearing on the agenda and/or discuss them at length.

If you would like to provide a public comment during a Board meeting, please see “Instructions for Public Comments” below.

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Board of Directors. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Board of Directors can be fully informed about a matter before making its decision.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Board of Directors.

**TELECONFERENCE LOCATIONS:** State law allows Board Representatives to teleconference from remote locations as long as certain conditions are met, including listing the teleconference locations in the agenda. The following locations are hereby noticed as teleconference locations, which are accessible to the public for the purposes of observing this meeting and/or addressing the Governing Board.

South Gate City Hall Carol Averell (Housing and Homeless Representative) 8650 California Avenue South Gate, CA 90280
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Instructions for Public Comments: For those wishing to make public comments on agenda and non-agenda items, but within the SGVCOG’s subject matter jurisdiction, you may submit written comments via email or provide a verbal comment by participating through Zoom.

- Written Comments (Email): If you wish to submit written public comments to be distributed to the committee members prior to or during the meeting, please submit these materials via email to Brielle Salazar at [bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email “FOR PUBLIC COMMENT.” Emailed public comments will be read into the record and will be part of the recorded meeting minutes. Written public comments may include, but are not limited to letters, reports, and presentations.
- Verbal Comments (In Person): If you would like to make a public comment at the Governing Board meeting location, please fill out a public comment card. Comment cards will be made available to you by staff at the entrance to the meeting room. If you are attending the meeting at a noticed teleconference location and would like to make a public comment, please raise your hand when the item upon which you wish to speak comes up on the agenda.
- Verbal Comments (Zoom): If you would like to participate by teleconference from a private location, please email Brielle Salazar ([bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org)) to request an attendee Zoom link at least 24 hours before the meeting. Through Zoom, you may provide a verbal comment by using the web interface “Raise Hand” feature when the agenda item upon which you wish to speak is to be considered. You will then be called upon to provide your verbal comments.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Brielle Salazar at least 48 hours prior to the meeting at (626) 457-1800 or at [bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org).

**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting.

**CONSENT CALENDAR**

**5 MINUTES**

1. Board of Directors Minutes- May 11, 2023 Meeting- Page 1  
*Recommended Action: Adopt Board of Directors minutes for the May 11, 2023 meeting.*
2. Board of Directors Minutes- June 15, 2023 Meeting- Page 1  
*Recommended Action: Adopt Board of Directors minutes for the June 15, 2023 meeting.*
3. Developer Fee Update for Revolving Loan Fund Projects Torch Street and Angeleno- Page 1  
*Recommended Action: Adopt Resolution 23-09 approving a developer fee limit of 10% of development costs for the Torch Street and Angeleno Avenue Revolving Loan Fund projects.*

**ACTION ITEMS**

**10 MINUTES**

1. Revolving Loan Fund Allocations- Page 1  
*Recommended Action: Adopt Resolution 23- 10 authorizing the Executive Director to issue Letters of Intent to the following projects: 1.) The Boulevard, Montebello- \$4,000,000 2.) Garey Avenue, Pomona- \$1,571,490 3.) 405 S. Del Mar, San Gabriel- \$810,000*

**PRESENTATION**

**20 MINUTES**

1. SGVRHT Funding Uses: Ratio of funding awards for affordable and homeless housing. Funding breakdown between capital and operations at interim housing sites and their role within larger homelessness response.  
*Recommended Action: For information only.*

**UPDATE ITEMS**

**5 MINUTES**

10. Chair's Report
11. Executive Director's Report
12. General Counsel's Report

**ADJOURN**

**SGVRHT Board of Directors Unapproved Minutes**

Date: May 11, 2023  
Time: 1:00 PM  
Location: SGVCOG Office and Zoom Virtual Meeting

**PRELIMINARY BUSINESS**

- 1. Call to Order  
Vice Chair Shevlin called the meeting to order at 1:05 PM.

Vice Chair Shevlin called for an AB 2449 Emergency Circumstances Request to Teleconference for Adele Andrade-Stadler. This request was required due to Director Andrade-Stadler’s adverse reaction to a shot.

**There was a motion to approve the AB 2449 Emergency Circumstance Request. (M/S: Finlay/Estrada).**

**[Motion Passed]**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, DeFrank, Estrada, Finlay
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Leano, Boyer, Cortez

- 2. Roll Call  
**A quorum was in attendance.**  
**Members Present**  
Becky Shevlin, City of Monrovia  
Carol Averell, Housing/Homeless Expert  
Adele Andrade-Stadler, City of Alhambra  
Gary Boyer, City of Glendora  
Benita DeFrank, Housing/Homeless Expert  
Emmanuel Estrada, City of Baldwin Park  
Margaret Finlay, City of Duarte

**Members Absent**  
Jed Leano, At-Large Member  
Patty Cortez, City of Covina

**Staff**  
M. Creter, Executive Director, SGVRHT  
B. Acevedo, SGVRHT  
D. DeBerry, General Counsel  
M. Sharkey

- 3. Public Comment  
There was no public comment.
- 4. Changes to Agenda Order  
There were no changes to agenda order.

**CONSENT CALENDAR**

- 5. Board of Directors Minutes- February 28, 2023 Meeting

*Recommended Action: Adopt Board of Directors minutes for the February 28, 2023 meeting.*

- 6. Staffing Agreement Update  
*Recommended Action: Authorize Board Chair Jed Leano to execute Amended and Restated Staffing Agreement with SGVCOG.*
- 7. FY 2023-2024 Budget  
*Recommended Action: Adopt Resolution 23-06 adopting the Fiscal Year 2023-2024 Budget.*
- 8. LHTF Application  
*Recommended Action: Adopt Resolution 23-07 approving the 2023 LHTF application.*

**There was a motion to approve Consent Calendar Items 5, 6, 7, and 8. (M/S: Finlay/Estrada).**

**[Motion Passed]**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, Boyer, DeFrank, Estrada, Finlay
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Leano, Cortez

**ACTION ITEMS**

- 9. FY 22-23 Federal Earmark Funding Priorities  
**There was a motion to adopt Resolution 23-08 authorizing the Executive Director to execute commitment letters to: 1.) The Boulevard in Montebello- \$2,500,000 2.) Baldwin Park Apartments in Baldwin Park- \$1,500,000 (M/S: Finlay/Estrada).**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, Boyer, DeFrank, Estrada, Finlay
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Leano, Cortez

**DISCUSSION**

- 10. Affordable Housing Development Costs  
Staff presented on this item.

**UPDATE ITEMS**

There were no update items.

**GENERAL COUNSEL’S REPORT**

D. DeBerry shared that public works projects are also facing similar challenges as affordable housing development projects in regards to rising costs and labor.

**EXECUTIVE DIRECTOR'S REPORT**

M. Creter shared the June agenda preview with the board. The next meeting will be held in-person on either June 7 or June 15. Items on the agenda will include the Operation Stay Safe site operator contract and Revolving Loan Fund applications.

**CHAIR'S REPORT**

Vice Chair Shevlin shared that the SGVRHT and SGVCOG staff hosted a check presentation with Congresswoman Chu at a former commercial site in San Gabriel, which will soon be developed into affordable housing with approximately 60 units for families. The site was originally acquired by the agency during construction of the San Gabriel Trench Grade Separation Project. It was declared surplus property and was recently purchased by the San Gabriel Valley Regional Housing Trust. With Congresswoman Chu's leadership, the San Gabriel Valley Regional Housing Trust secured \$4 million in community project funding for the San Gabriel Valley Project Pipeline. As approved at this meeting, this parcel will be included in our LHTF application to be submitted next week.

**ADJOURN**

Vice Chair Shevlin adjourned the meeting at 2:31 PM.

**SGVRHT Board of Directors Unapproved Minutes**

Date: June 15, 2023

Time: 3:30 PM

Location: SGVCOG Office in Monrovia and Zoom Virtual Meeting

**PRELIMINARY BUSINESS**

- 1. Call to Order  
Chair Leano called the meeting to order at 3:30 PM.

- 2. Roll Call  
**A quorum was in attendance.**

**Members Present**

Jed Leano, At-Large Member  
Becky Shevlin, City of Monrovia  
Carol Averell, Housing/Homeless Expert  
Gary Boyer, City of Glendora  
Benita DeFrank, Housing/Homeless Expert  
Emmanuel Estrada, City of Baldwin Park

**Members Absent**

Adele Andrade-Stadler, City of Alhambra  
Patty Cortez, City of Covina  
Margaret Finlay, City of Duarte

**Staff**

M. Creter, Executive Director, SGVRHT  
B. Acevedo, SGVRHT  
D. DeBerry, General Counsel  
M. Sharkey

- 3. Public Comment  
There was no public comment.
- 4. Changes to Agenda Order  
There were no changes to agenda order.

**ACTION ITEMS**

- 5. Project Pipeline Allocation  
**There was a motion to 1.) Authorize the Executive Director to execute an Agreement for Operation Stay Safe site operation with Los Angeles Centers for Alcohol and Drug Abuse (L.A. CADA) for a not-to-exceed amount of \$1,950,000 2.) Authorize the Executive Director to assign the Contract to the City of Montebello or manage the contract on behalf of the City 3.) Authorize a not-to-exceed amount of \$517,000 in Homeless Housing Pilot Program funds for Site Operation Agreement expenses (M/S: Boyer/Shevlin).**

<b>AYES:</b>	Leano, Shevlin, Averell, Boyer, DeFrank, Estrada
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Andrade-Stadler, Cortez, Finlay

Board member Boyer requested a presentation at the next meeting on historical and projected uses of SGVRHT funding, including the split between affordable and homeless housing

**UPDATE ITEMS**

There were no update items.

**ADJOURN**

Chair Leano adjourned the meeting at 3:50 PM.



DATE: July 18, 2023

TO: Board of Directors

FROM: Marisa Creter, Executive Director

**RE: DEVELOPER FEE INCREASE FOR REVOLVING LOAN FUND PROJECTS:  
TORCH STREET AND ANGELENO AVENUE**

## **RECOMMENDED ACTIONS**

Adopt Resolution 23-09 approving a developer fee limit of 10% of development costs for Revolving Loan Fund projects Torch Street and Angeleno Avenue.

## **BACKGROUND**

At its October 2022 meeting, the SGVRHT Board approved two Revolving Loan Fund (RLF) loans to Habitat for Humanity for Angeleno Avenue, Azusa- \$336,000 and Torch Street, Baldwin Park- \$1,000,000. The RLF guidelines place a limit on developer fees based on the project's development type and unit count. The guidelines are based on the California Housing and Community Development (HCD) Uniform Multifamily Regulations (UMR). Presently, the RLF guidelines are universal and do not differentiate between single family and multifamily projects. As a new construction project under 30 units, the developer fee limit for Torch Street and Angeleno Avenue is \$33,000 per unit.

Habitat for Humanity has requested to update the developer fee limit for Torch Steet and Angeleno Avenue to reflect 10% of project development costs. For Torch Steet, this equals \$60,098 per unit as the total development cost is \$7.2M, divided by 12 units. The final number for Angeleno Avenue will be determined as the project budget is finalized and would be capped at 10% of development costs. A developer fee equal to 10% of development costs seems reasonable given the nature of single-family affordable ownership development which requires the developer to qualify households prior to sale of the home and maintain ongoing compliance monitoring for the life of the loan. While there is not a clear industry standard for affordable single family, a peer review with another nonprofit single family affordable homeownership developer supported a similar fee structure. Additionally, multifamily affordable housing projects are able to secure a developer fee of up to 15% of eligible basis or construction related costs. There is no change in the amount of the SGVRHT loans to the projects; this action would allow the developer to adjust uses to accommodate the requested developer fee.

## **DISCUSSION**

The RLF Guidelines allow the SGVRHT Board of Directors to approve different developer fee limits for a project at its sole discretion. The project proformas for both projects were reviewed by staff and Harris and Associates and based on this analysis, it is

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recommended for the Board of Directors to approve the 10% developer fee limit for Torch Street and Angeleno Avenue. If approved, the SGVRHT will amend the pertinent loan documents for Torch Street which were executed in early July and include the changes prior to the execution of the Angeleno Avenue loan documents anticipated for execution in August.

Prepared by: Brielle Acevedo  
Brielle Acevedo  
Regional Housing Trust Manager

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A- Resolution 23-09

**RESOLUTION NO. 23-09**

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (SGVRHT) AUTHORIZING EXECUTIVE DIRECTOR TO ISSUE LETTERS OF COMMITMENT FOR RECOMMENDED PROJECTS**

**WHEREAS**, the San Gabriel Valley Regional Housing Trust (SGVRHT) allocated \$7,800,000 to develop a Revolving Loan Fund (RLF) to support acquisition, predevelopment, and construction of affordable housing;

**WHEREAS**, the SGVRHT adopted RLF loan guidelines which include developer fee limits; and

**WHEREAS**, the RLF loan guidelines allow the SGVRHT to approve developer fees in excess of the guidelines at its sole discretion; and

**WHEREAS**, the developer of RLF projects Torch Street and Angeleno Avenue has requested a developer fee limit of 10% of development costs; and

**WHEREAS**, the proposed developer fee limit is acceptable to the SGVRHT.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves a developer fee limit of 10% of development costs for RLF projects Torch Street and Angeleno Avenue.

**PASSED AND ADOPTED** by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 18<sup>th</sup> day of July 2023.

San Gabriel Valley Regional Housing Trust

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Jed Leano, Chair

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 23-09 was adopted at a regular meeting of the Board of Directors held on the 18<sup>th</sup> day of July 2023, by the following vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_  
Marisa Creter, Secretary

# REPORT

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DATE: July 18, 2023  
TO: Board of Directors  
FROM: Marisa Creter, Executive Director  
RE: **REVOLVING LOAN FUND ALLOCATIONS**

## **RECOMMENDED ACTION**

Adopt Resolution 23-10 authorizing the Executive Director to execute Letters of Intent to the following projects: 1.) The Boulevard, Montebello- \$4,000,000 2.) 1377 N. Garey Avenue, Pomona- \$1,571,490 3.) 405 S. Del Mar, San Gabriel- \$810,000

## **BACKGROUND**

In June 2022, the San Gabriel Valley Regional Housing Trust (SGVRHT) Board of Directors approved Guidelines for the Revolving Loan Fund (RLF) which defined project and borrower eligibility, established recommended per-project and per-unit award amounts, defined eligible expenses, and defined the loan terms. The SGVRHT released an application for RLF in June. RLF applications are reviewed by the loan committee which includes the Housing and Homelessness expert board members.

The RLF enables the SGVRHT to support projects during acquisition and predevelopment, as well as construction of affordable ownership housing, and supports the development of additional affordable housing units in the region. The below market rate interest rate provides a loan product that reduces the per-unit cost to developers to produce housing. The RLF represents a renewable source of funding for the SGVRHT as loans are repaid and loaned again to future projects. The initial RLF allocation was \$7.8 million and in October 2022 the Board approved two loans totaling \$1,336,000; \$6,464,000 remains to be allocated.

## **DISCUSSION**

The RLF loan committee met on May 2<sup>nd</sup> and July 12<sup>th</sup> to review applications received. The loan committee recommends funding approval for the following projects:

**The Boulevard, Montebello- \$4,000,000:** an 81-unit affordable housing development proposed by Cesar Chavez Foundation. The project will service low-income and workforce families earning 30 to 80% Area Median Income (AMI). Thirty percent of the units will be reserved for survivors of domestic violence. The project received funding allocations from the City of Montebello including a \$950,000 general loan, a \$750,000 loan to cover City fees, and \$1,200,000 in ARPA funds. The project initially requested \$5.5 million, which is above the per project threshold adopted by the Board of \$4 million. The loan committee recommended capping the award at \$4 million. The developer has

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confirmed that \$4 million can be successfully utilized to support the project during predevelopment. The Boulevard was previously awarded a \$2,500,000 construction to permanent financing commitment from the SGVRHT. The RLF loan will be repaid prior to the issuance of the construction to permanent loan, meaning those permanent funds can be pulled forward and will not count against the total of the RLF.

**1377 N. Garey Avenue, Pomona- \$1,571,490:** a 35-unit affordable housing project proposed by Pathway to Tomorrow. The project will serve households between 30-80% AMI. The RLF request will cover \$1.1 million in site acquisition and \$471,490 in predevelopment costs. The request totals \$44,900 per unit which is within the guidelines of \$80,000 per unit. The RLF loan would be secured by the property. The project will not seek tax credits and intends to utilize a conventional bank loan, evidenced by a commitment letter from Citibank. The project's limited number of financing sources, exclusion from prevailing wage requirements, and developer relationship with a general contractor are factors enabling the developer to keep development costs low. The developer provided a list of similar projects completed at similar cost levels. The City of Pomona has provided a letter of support. The loan committee recommended an award of \$1,571,490.

**405 S. Del Mar, San Gabriel- \$810,000:** a 60-unit affordable housing project proposed by Related Companies. The SGVRHT owns the parcel where this project will be developed and has applied to the State for Local Housing Trust Fund (LHTF) funds to obtain matching funds for the land value (\$4.105 million) which would provide a construction to permanent financing loan to the project. The developer requested an RLF loan of \$2,100,000 for predevelopment activities including environmental remediation, design, and entitlements. The loan committee recommended a partial award for the environmental remediation so the project can start addressing the vapor intrusion found in the Phase 1 review, while waiting for the results of the LHTF award which will be announced this fall. The RLF loan would not be secured by the property. Instead, the SGVRHT would benefit from the deliverables of the predevelopment costs (i.e., environmental studies and remediation actions). The City of San Gabriel has provided a letter of support and will dedicate \$830,000 in Permanent Local Housing Allocation (PLHA) to the project.

Approving the recommended awards for these three projects will bring the total remaining RLF funding available to \$2,582,000 as shown below:

Project Name	Units	Project Description	Funding Request
Torch Street	12	single family affordable ownership	\$1,000,000
Angeleno	4	single family affordable ownership	\$336,000
The Boulevard	81	affordable housing	\$4,000,000
405 S Del Mar	60	affordable housing	\$810,000
Pathway	35	affordable housing for families	\$1,571,490
total units	192	total funding request	\$7,717,490
		Remaining available funds <sup>i</sup>	\$2,582,510

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Additional information on each project is included in the attached loan committee memos.

## **NEXT STEPS**

If the RLF allocations are approved, staff and Harris and Associates will work with the developers to execute loan documents and complete draw requests. The RLF loans will be repaid at construction closing.

RLF applications will continue to be accepted on a rolling basis and funding recommendations may be made to the Board on an ongoing basis as needed.

Prepared by: Brielle Acevedo  
Brielle Acevedo  
Regional Housing Trust Manager

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – The Boulevard Loan Committee Report  
Attachment B – 1377 N. Garey Avenue Loan Committee Report  
Attachment C – 405 S. Del Mar Loan Committee Report  
Attachment D – Resolution 23-10 authorizing the Executive Director to Issue Letters of Intent

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<sup>i</sup> Equals \$7,800,000 originally allocated to the RLF, minus awarded and recommended awards, plus \$2,500,000 for Boulevard which is their permanent funding award (as the RLF is paid off prior to closing this funding can be pulled forward).

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST  
REVOLVING LOAN FUND PROGRAM

# LOAN COMMITTEE REPORT

## ACQUISITION/PREDEVELOPMENT LOAN

**PROJECT LOCATION**

**501-525 Whittier Boulevard  
Montebello**



For Committee Meeting on May 2, 2023 & Board Meeting on May 11, 2023  
Prepared by Harris & Associates  
Prepared for San Gabriel Valley Regional Housing Trust, Revolving Loan Fund



## EXECUTIVE SUMMARY

<b>Development Location:</b>	501, 507, 509, 513, 517, 525 Whittier Boulevard Montebello, CA 90640
<b>Development Type:</b>	New Construction – Affordable Rental Housing Mixed Use Development
<b>Requested Loan:</b>	\$5,500,000 Acquisition-Predevelopment Loan (site acquisition and predevelopment) (\$67,901 per unit)
<b>Additional Request Subsidy:</b>	N/A
<b>Construction Type:</b>	New Construction
<b>Number/Type Units:</b>	Eighty-one (81) Units The unit mix will be: (24) 1-bedroom, (24) 2-bedroom, (24) 3-bedroom, (8) 4-bedroom, and (1) 3-bedroom manager unit. The special need units will be: (20) 1-bedroom and (4) 2-bedroom.
<b>Target Population:</b>	The units will be rented to families making no more than 30-80% AMI, with special need units for survivors of domestic violence.
<b>RLF Guidelines:</b>	Complies with Revolving Loan Fund Guidelines, with exception for the per project loan limit.

### **I. REQUEST**

This loan request involves the expenses associated with acquisition and predevelopment of a future affordable housing development of 81 residences. The Developer, Cesar Chavez Foundation (CCF) anticipates completing land acquisition by April 2023.

<b>Developer</b>	Cesar Chavez Foundation
<b>Loan Amount</b>	\$67,901 per residence  The maximum loan amounts for new construction in FY 2022-2023 per the RLF Guidelines are \$4,000,000 per development and \$80,000 per one-bedroom residence and \$84,000 per two or more bedroom residences. The Board of Directors may approve loan amounts exceeding these limits with justification.
<b>Interest Rate</b>	Three percent (3%)
<b>Loan Term</b>	Three years with two 6-month extension options.



<b>Security / Loan Documents</b>	Promissory Note, Deed of Trust, Loan Agreement, Assignment of Contracts and Plans, and Regulatory Agreement
<b>Affordability</b>	The targeted income levels are 30%-80% AMI. The proposed term for affordability restrictions is 45 years.
<b>Repayment</b>	The loan will have monthly payments of interest only. Payment of principal is deferred until the construction-permanent financing conversion or loan maturity.
<b>Subordination</b>	None
<b>Prepayment</b>	The loan may be repaid in part or in whole at any time without penalty.

## II. BENEFITS OF THE DEVELOPMENT

- A. The proposed development is currently envisioned as an eighty-one (81) unit mixed-use development. The development is zoned “Planned Development” and approved for sixty-nine (69) units. According to CCF, the State density bonus allows up ninety-three (93) units by-right, six-stories, and lower parking requirements. Given that the approved Planned Development zoning already accounting for the inclusion of some affordable housing, it is unclear if the site would qualify for an additional density bonus. The development at the proposed density may still require City approval.
- B. The mixed-use development will house lower-income families earning no more than thirty percent (30%) to eighty percent (80%) of the area median income for Los Angeles County. CCF will commit to providing thirty percent (30% or 24 units) of the total units for survivors of domestic violence.
- C. The proposed project site is identified in the City’s Housing Element as part of the Downtown Specific Plan to encourage economic activity and transit orientated development in the Downtown area. CCF is partnering with the City of Montebello for the proposed development to be the catalyst in implementing the vision and goals of the City’s future Downtown Specific Plan, and to help meet its state’s regional housing goal.
- D. The proposed project will work to transform the Downtown Area with a high-quality thriving residential development, where it encourages and links additional investment, public transit and services to the area.
- E. The development will utilize sustainable building methods, including solar panels, and will be green building certified.
- F. The proposed development aligns with the SGVRHT’s overall goal of funding and financing the planning and construction of affordable housing serving extremely low, very low-, and low-income households.

### III. PROPERTY & DEVELOPMENT DESCRIPTION

- A. Revolving Loan Fund (RLF) Application Summary: Cesar Chavez Foundation (CCF) submitted an application in March 2023 for a pre-development loan for the development of property. In alignment with the RLF guidelines, the Loan Committee will review the application for an acquisition/predevelopment loan. CCF intends to use the SGVRHT to replace a higher-interest loan from Century Housing.
- B. Current Ownership: The property is currently owned by Ku & Associates and its affiliates (5 parcels) and the Veneziano Family Trust (1 parcel). CCF received the assignment of the City's and Ku & Associates's development rights in December 2021 through a purchase, sale, and development agreement and has a purchase and sale agreement with Ku & Associates. Harris is following up on CCF's plans to acquire the Veneziano Family Trust property.
- C. Development Description: CCF intends to develop 81 residences in a mixed-use development consisting of 1-, 2-, 3-, and 4-bedroom residences and 9,400 sq ft of retail/commercial space.
- D. Property Description: The Project is located on six (6) commercial lots at 501, 507, 509, 513, 517, 525 Whittier Boulevard in Montebello, California 90640. The site has the following Assessor's Parcel Numbers (APN): 6349-005-011, -012, -013, -014, -015 and -037 in the Downtown District of the City. The site is approximately 38,000 square feet or 0.87 acres. The census tract is 5321.01. California's Congressional District 38, State Senate District 32, State Assembly District 58, and Los Angeles Supervisorial District 1. The TCAC/HCD opportunity map category is listed as a Low Resource area.
- E. Zoning and Entitlements: Currently, the City of Montebello's General Plan and Zoning identifies the project's underlying land use as General Commercial (C-2). The C-2 zoning restricts residential density to 1 dwelling unit per 3,000 square feet of land area. A prior planned development was approved for a 130-room hotel, commercial/retail space, and forty-seven (47) apartments/condos. In December 2021, CCF amended the prior planned development of PD02-15 and zone change of ZC02-15 to a mixed-use sixty-nine (69) unit development, which allows unit increases with the State density bonus and additional State affordable housing planning laws.
- F. Development Schedule: CCF began predevelopment in July 2020 with an anticipated land acquisition date of May 2023. Construction financing is anticipated to be complete by November 2025, with construction complete by January 2028 and occupancy in May 2028.

### IV. DEVELOPER TEAM CAPACITY

Owner/Operator:	Montebello Housing Development, LP
Borrower/Developer:	Cesar Chavez Foundation
Architect:	GGA Architects
Financial Consultant:	N/A
Attorney:	Rutan & Tucker



General Contractor: Greenfield Construction  
Construction/Conventional Lenders: Berkadia/Boston Financial

The Revolving Loan Fund Guidelines require that applicants demonstrate the capacity to successfully develop the proposed development and that the SGVRHT shall evaluate capacity on the basis of the applicant's and the development team members' track record in developing and managing affordable housing.

CCF is a well-established local non-profit agency. In their application, they emphasize their 60+ years of experience of uplifting the lives of Latinos and working families by inspiring and transforming communities through social enterprises that address essential human, cultural and community needs. CCF's Housing and Economic Development Fund (HED) builds and manages high-quality, service-enhanced, affordable housing for working families and seniors across the Southwest (California, Arizona, New Mexico, and Texas). These developments inspire a sense of community and enable residents to succeed on all fronts. CCF describes their focus on comfortable, aesthetically appealing homes with high-quality amenities and a wide range of activities and services, including Si Se Puede Learning Centers and Si Se Puede Senior Centers.

HED aspires to be the catalyst that spurs investment in underserved communities and to set the bar for what can be achieved both individually and community wide. They plan to galvanize many initiatives into one long-term effort to build wealth and lasting change in communities by directing economic investment into underserved communities, fostering new initiatives that encourage entrepreneurship, and tapping citizen potential for creativity, hard work, and community service. CCF has completed more than 300 single-family homes for low-income households; built or renovated more than 5,000 affordable multi-family units at more than 39 communities across 4 states; and invested more than \$860 million in underserved communities.

GGA Architects will serve as the lead architect firm on the project. GGA Architects describes itself as a Pasadena firm passionate about creating environments that enrich life in both market-rate and affordable housing, infill / mixed-use development, institutional, campus projects, and civic development. They have successfully provided services to a number of other CCF developments.

## **V. UNIT MIX AND INCOME LEVELS**

The 81-unit development of 100% affordable (30-80% AMI) housing is dedicated for families and survivors of domestic violence. The unit mix will be: 24x 1-bedrooms, 24x 2-bedrooms, 24x 3-bedrooms, 8x 4-bedrooms and 1x 3-bedroom manager's unit. The special need units will be for survivors of domestic violence and the unit mix will be: 20x 1-bedroom and 4x 2-bedroom units. Below is a summary of the proposed unit mix and selected project based voucher units for special need.

Bedrooms	Low Income Units	Manager	Special Need Units		Project Based Vouchers for SN	Total Units
1	4 @ 80%AMI	0	20 @ 30%AMI		20	24
2	2 @ 60%AMI 18 @ 80%AMI	0	4 @ 30%AMI		4	24
3	3 @ 30%AMI 5 @ 60%AMI 16 @ 80%AMI	1			0	24
4	1 @ 30%AMI 7 @ 70%AMI	0			0	8
<b>Total</b>	<b>81</b>	<b>1</b>	<b>24</b>		<b>24</b>	<b>80</b>

## VI. MARKETING AND TENANT SELECTION

The development will restrict thirty percent (30% or 24 units) of the units to households who are survivors of domestic violence. Because of the special needs designation by the County of Los Angeles, the survivors of domestic violence will have to qualify as homeless households or on the verge of becoming homeless households. Tenants for the voucher-assisted units will come through the coordinated entry system. A market study prepared by Novogradac identified “a strong affordable market,” reflecting unmet demand for affordable housing in the area.

## VII. SUPPORTIVE & SOCIAL SERVICES

To assist with supportive services and case management for the survivors of domestic violence residential population, CCF will partner with the Downtown Women’s Center (DWC). DWC will have offices in the development for onsite case management, counseling and supportive services for the survivors of domestic violence.

## VIII. CONSTRUCTION AND PERMANENT FINANCING SOURCES AND USES

The development will be primarily funded through City and private lender sources totaling \$75,958,534, including CDLAC/TCAC 4% bond and tax credit programs. The critical subordinate and partner financing includes the following loans, grants, and assistance:

- 1) Los Angeles County Development Authority (LACDA) Affordable Housing Trust Funding (AHT),
- 2) LACDA Project Based Vouchers (PBV),
- 3) City of Montebello Development Loan,
- 4) City of Montebello Impact Fee Loan,
- 5) San Gabriel Valley Regional Housing Trust Fund (SGVRHTF) Loan,
- 6) HCD Affordable Housing Sustainable Communities and
- 7) City of Montebello HOME ARPA.

Of the \$75,958,534 total development costs, approximately 75% is allocated for construction costs (including soft costs), with 9% allocated for land acquisition costs, 9% for financing, 4% for project contingency costs, and 3% for the developer fee. Total hard costs for the proposed development, less contingencies, are projected at \$49,319,758, or \$608,886 per residence.

### Predevelopment/Construction Uses

<b>Development Costs</b>	<b>Total</b>	<b>Per Unit</b>
Land Costs	\$6,596,250	\$81,435
Permits, Fees & Studies	4,774,000	58,938
Direct Construction Costs	49,319,758	608,886
Contingency	2,973,488	36,710
Developer Fee	2,500,000	30,864
Indirect Construction Costs	1,817,562	22,439
Rent-Up Costs	171,500	2,117
Reserves	778,665	9,613
Financing Costs	7,027,311	86,757
<b>TOTAL</b>	<b>\$75,958,534</b>	<b>\$937,760</b>

As shown in the following table, RLF funds would be leveraged during the construction phase by funding from Tax Credit Proceeds (\$11,810,772), City HOME ARPA Funds (\$1,200,000), City Loan (\$950,000), City Fee Loan (\$750,000), and a private construction loan (\$55,462,041). Predevelopment/Construction financing totals \$75,958,534, or \$937,759.68 per unit.

### Predevelopment/Construction Sources

<b>Sources of Funds</b>	<b>Predev/Construction</b>	
	<b>Total</b>	<b>Per Unit</b>
Construction Loan	\$55,462,041	\$684,717
Tax Credit Proceeds	11,810,772	145,812
City HOME ARPA	1,200,000	14,816
City Loan	950,000	11,728
City Fee Loan	750,000	9,259
SGVRHTF	2,500,000	30,864
Deferred Costs	3,285,722	40,564
<b>Project Total</b>	<b>\$75,958,534</b>	<b>\$937,760</b>

Permanent financing, shown in the following table, is comprised of Bond Proceeds (\$9,547,191), Tax Credit Proceeds (\$39,369,239), City HOME ARPA (\$1,200,000), AHSC (\$19,200,000), LACDA AHT (\$2,000,000), City Loan (\$950,000), City Fee Loan (\$750,000), SGVRHT (\$2,500,000), and Deferred Developer Fee (\$442,104). Permanent financing totals \$75,958.534 or \$937,760 per unit.

At the time of this report, permanent financing sources that have been secured are the City HOME ARPA, City Development Loan, and City Impact Fee Loan Funds. The remainder of the permanent financing sources are pending.



## Permanent Financing Sources

Sources of Funds	Permanent	
	Total	Per Unit
Perm Bond Proceeds	\$ 9,547,191	\$ 117,867
Tax Credit Proceeds	39,369,239	486,040
City HOME ARPA	1,200,000	14,815
AHSC	19,200,000	237,037
LACDA AHT	2,000,000	24,691
City Loan	950,000	11,728
City Fee Loan	750,000	9,259
SGVRHTF	2,500,000	30,864
Deferred Developer Fee	442,104	5,458
<b>Project Total</b>	<b>\$ 75,958,534</b>	<b>\$ 937,760</b>

## IX. OPERATING BUDGET AND CASH FLOW

Project operating expenses, including supportive services and replacement reserves, total \$724,539, with a per unit per year cost of \$8,945. This exceeds the applicable LA County minimum of \$6,720. The debt service coverage ratio is 1.20, within the range required by the RLF Guidelines.

## X. RELOCATION

CCF ordered a relocation plan prepared by OPC. The plan recommends advisory assistance and financial assistance for commercial businesses to relocate, including moving and related expenses and re-establishment expenses. CCF budgeted \$550,000 for relocation in its development budget.

## XI. DESIGN AND ENTITLEMENTS

CCF shared architectural elevations and site plans for the mixed-use development of 5-stories with 81 housing units over one subterranean and one on-grade podium parking and commercial level, which meet all of the current zoning requirements.



## XII. ENVIRONMENTAL REVIEW

CCF retained Conservation Consulting International, Inc. (CCI) for a Phase II report, completed in March 2023. The Phase II Site Assessment found that the proposed development of the Property includes one level of underground parking and one level of

street level parking. In the areas where the parking is beneath the Property building, there will be between 18-feet and 20-feet of ambient air space between the impacted soil and the first residential/commercial units. In addition, the city will likely require that a ventilation system be installed in the underground parking structure to remove the emissions produced by the automobiles. Therefore, no additional vapor encroachment controls are needed.

For the areas where the residential occupancy is in direct contact with the subsurface soil, because of the potential vapor encroachment condition, CCI recommends the development of a vapor intrusion mitigation plan for the Property. Examples of possible mitigation include the installation of a vapor barrier/membrane and/or a venting system beneath each building in direct contact with the subsurface soil during construction activities. In addition, because of the historical use of the Property, a soil management plan should be developed for use during construction activities in the event that unexpected structures/impacted soils are encountered. CCF has committed funding to address these recommendations and requirements in the budget under the "Parking" line item identified in the "Development Uses" on their proforma. CCF is familiar with addressing this specific environmental condition as they have encountered it on prior developments and successfully resolved it.

### **XIII. APPRAISAL**

The property was valued at \$6,000,000 based on an inspection date of October 21, 2022 by Novovgradac Consulting, LLP.

### **XIV. THRESHOLD CRITERIA AND FUNDING PRIORITIES OF THE LOAN REQUEST**

Per the Revolving Loan Fund Guidelines, the proposed development satisfies the five requirements to be considered eligible for RLF funding identified below:

- (1) Applicant qualifications: The applicant is a non-profit developer, and has provided the required documentation that demonstrates experience, financial, and legal capacity to successfully undertake the proposed project.
- (2) Geographic eligibility: The proposed development is in the City of Montebello, an SGVRHT member jurisdiction.
- (3) Project eligibility: The project type is new construction of a mixed-use development with an affordable rental housing component, meeting the eligibility requirement.
- (4) Expenditure eligibility: The expenditure type is a short-term acquisition/predevelopment loan for affordable rental housing, which is an eligible use per RLF guidelines.
- (5) Affordability requirements: The applicant's rental housing project shall be limited to households with incomes no more than 30-80% of AMI, meeting the affordability requirements.

The proposed development addresses the optional funding priorities in the Revolving Loan Fund Guidelines as follows:



- (1) Sub-Regional Equity: The SGVRHT intends to support developments within all Member jurisdictions and throughout the San Gabriel Valley. At this time there have been no RLF funds committed to Montebello. The other loan being proposed is also for a development in the City of Montebello.
- (2) Affordability Levels: The SGVRHT seeks to provide affordable housing to households at all lower income levels (i.e., extremely low-income, very low-income, and low-income) and may prioritize a project or group of projects that include a balance of units at the lower income levels. The proposed development serves households with incomes of no more than 30-80% AMI, including both the low-income and extremely low-income levels.
- (3) Populations Served: The SGVRHT may consider how or whether projects serve the specific needs of the Member jurisdictions in which they are located. The proposed development will serve survivors of domestic violence.
- (4) Cost Effectiveness: The SGVRHT may prioritize projects that are most cost effective or achieve the lowest possible subsidy per unit for SGVRHT resources. The requested loan equals \$67,901 per unit, less than applicable limit of \$84,000 per unit.
- (5) Readiness & Risk: The SGVRHT may prioritize projects that can reasonably close financing and begin construction sooner than other projects. Construction financing is anticipated to be complete by November 2025, with construction complete by January 2028 and occupancy in May 2028.
- (6) Loan Repayment: The SGVRHT may prioritize projects that realistically propose accelerated loan repayment. CCF intends to repay the loan during construction loan closing. SGVRHT has committed \$2.5 million in permanent financing for the development.

## **XV. RECOMMENDATION**

It is recommended that in alignment with funding availability, a loan amount not to exceed \$4,464,000 be approved for the acquisition/ predevelopment costs set forth in this report. The Board can approve a loan in excess of the per project loan limit due to the large size of the development and the planned use of SGVRHT permanent financing. While there are outstanding questions, SGVRHT staff and Harris & Associates will follow up with CCF to address these questions.

Reviewed and submitted by:



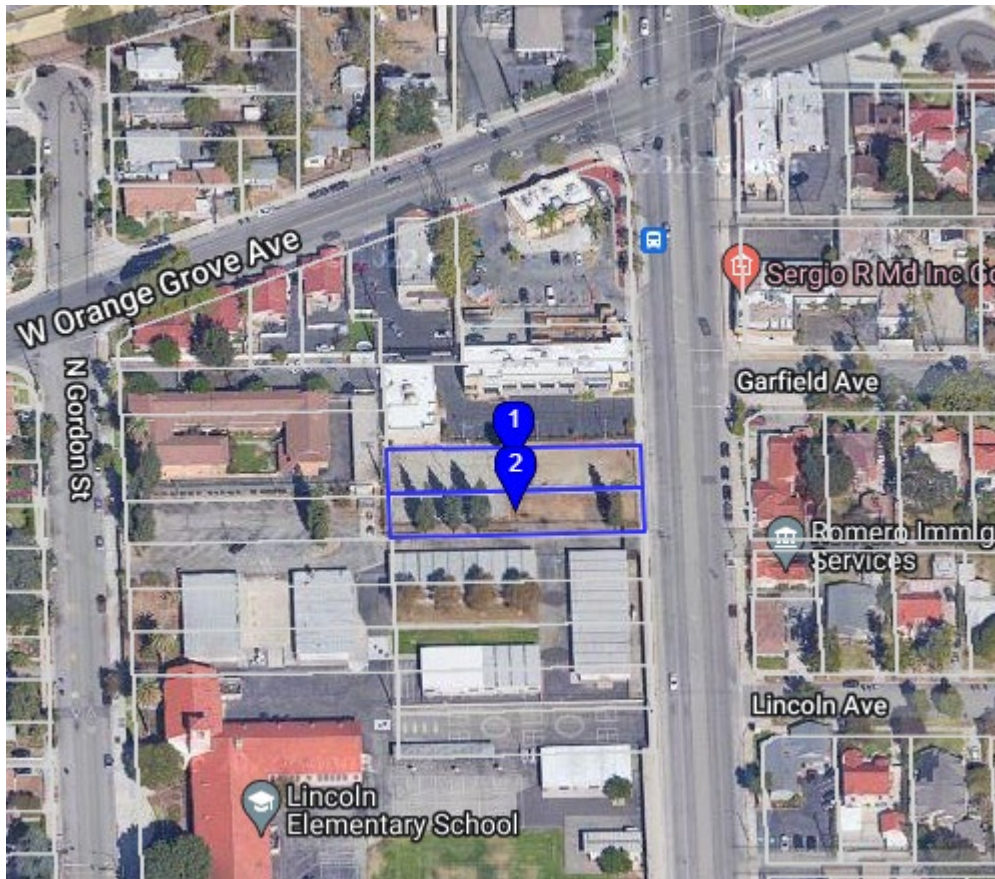
Dima Galkin  
Senior Project Manager

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST  
REVOLVING LOAN FUND PROGRAM

# LOAN COMMITTEE REPORT

## ACQUISITION/PREDEVELOPMENT LOAN

<b>PROJECT LOCATION</b>
<b>1377 N. Garey Avenue Pomona</b>



For Committee Meeting on July 12, 2023 & Board Meeting on July 12, 2023  
Prepared by Harris & Associates  
Prepared for San Gabriel Valley Regional Housing Trust, Revolving Loan Fund

**EXECUTIVE SUMMARY**

**Development Location:** 1377 N. Garey Ave, Pomona, CA 91767  
APN 8339-027-015 and 8339-027-016

**Development Type:** New Construction – Affordable Rental Housing

**Requested Loan:** \$1,571,490 Acquisition-Predevelopment Loan  
(\$44,900 per unit)

**Additional Request Subsidy:** N/A

**Construction Type:** New Construction

**Number/Type Units:** Thirty-five (35) Units  
(All 1 bedroom, 1 bathroom units, with 21 parking spaces)

**Target Population:** The developer plans to select tenants from clients of People Assisting the Homeless. 10 units will be reserved for households at or below 30% AMI, 5 units for households at or below 50% AMI, and 20 units for households at or below 80% AMI.

**RLF Guidelines:** Complies with Revolving Loan Fund Guidelines

**I. REQUEST**

This loan will pay for the land acquisition and several soft costs, including architecture, engineering, and entitlements. The developer intends to apply for permanent financing from the SGVRHT as well.

<b>Developer</b>	Pathway To Tomorrow, working with Southland Development Company and South LA Development Group
<b>Loan Amount</b>	\$1,571,490 or \$44,900 per residence  The maximum loan amounts for new construction in FY 2023-2024 per the RLF Guidelines are \$4,000,000 per development and \$80,000 per one-bedroom residence and \$84,000 per two or more bedroom residences. The Board of Directors may approve loan amounts exceeding these limits with justification.
<b>Interest Rate</b>	Three percent (3%)
<b>Loan Term</b>	Three years with two 6-month extension options.

<b>Security / Loan Documents</b>	Promissory Note, Deed of Trust, Loan Agreement, Assignment of Contracts and Plans, and Regulatory Agreement
<b>Affordability</b>	The targeted income levels are between 30% and 80% AMI. The proposed term for affordability restrictions is 55 years.
<b>Repayment</b>	The loan will have monthly payments of interest only. Payment of principal is deferred until the construction-permanent financing conversion or loan maturity.
<b>Subordination</b>	None.
<b>Prepayment</b>	The loan may be repaid in part or in whole at any time without penalty.

## II. BENEFITS OF THE DEVELOPMENT

- A. The proposed development is currently envisioned as a thirty-five (35) unit residential development. The development is zoned “Downtown Gateway Segment” from the Corridor Specific Plan and approved for more than 20 units. The City of Pomona stated that the State density bonus allows up to thirty-five (35) units by-right, three-stories, and lower parking requirements.
- B. The development will house lower-income families earning no more than between thirty percent (30%) to eighty percent (80%) of the area median income for Los Angeles County. Pathway To Tomorrow will commit to providing thirty percent (30% or 10 units) of the total units for 30% AMI residents.
- C. The proposed development will help remove neighborhood blight and meet a high and rising demand among local low-income families for affordable rental housing in an area where for-sale housing prices are generally unaffordable for low-income families and individuals.
- D. The development location has convenient access to public transportation. There are multiple bus stops within one mile, and a Metrolink commuter rail stop within one mile. Healthy food access options within 2 miles include Stater Bros. Market, Cardenas Markets, Pomona Happy Market, and Brothers Market. There are at least two parks within 3 minutes’ driving distance, as well as City Hall, elementary schools, middle schools, high schools, an adult school, and a campus of Western University of Health Sciences within 5 minutes’ driving distance.
- E. Located north of Downtown Pomona, the proposed development leverages investments already made in the surrounding infrastructure - streets, sewer, other utilities, transit, and easy access to the 10 freeway. Smart growth elements that will be incorporated into the development include compact design for infill development.

- F. The proposed development aligns with the SGVRHT’s overall goal of funding and financing the planning and construction of affordable housing serving extremely low-, very low-, and low-income households.

### III. PROPERTY & DEVELOPMENT DESCRIPTION

- A. Revolving Loan Fund (RLF) Application Summary: Pathway to Tomorrow submitted an application in June 2023. The original application covered site acquisition, pre-development, and construction. SGVRHT and Harris & Associates suggested focusing the application on the acquisition and pre-development stage as part of the RLF application. The developer agreed in writing to this approach.
- B. Current Property Ownership: The developer executed a purchase agreement for the property on May 31, 2023, which the seller countersigned on June 5, 2023. The purchase agreement is time sensitive, providing for a 45-day due diligence period.
- C. Development Description: The Developer is beginning the predevelopment process with the intent to develop 35 residences for low-income households consisting of 1-bedroom, 1-bathroom residences. Units will measure 519 SF. There will be 21 parking spaces.
- D. Property Description: The property is located along N. Garey Ave., approximately 0.1 miles south of Interstate 10 and approximately 1.5 miles north of the Pomona City Hall. The site consists of a vacant dirt lot located in a mixed commercial and residential area of the City. The property is described as Los Angeles County Assessor's Parcel Numbers (APNs) 8339-027-015 and 8339-027-016 and is currently vacant and unoccupied. The site is 20,680 gross square feet, or 0.47 acres, per the legal description.
- E. Zoning and Entitlements: The development property is zoned and will remain zoned Downtown Gateway Segment, allowing for 20 or more dwelling units per acre. The planned development of 35 dwelling units falls within the allowable zoning code development standards for this property and State Density Bonus law, as confirmed by the City of Pomona.
- F. Development Schedule: Pathway To Tomorrow plans to begin predevelopment upon funding commitment, with an anticipated completion date of August 2024. Pathway To Tomorrow seeks to complete construction financing by August 2023, with construction to be completed and the units leased and occupied by February 2026.

### IV. DEVELOPER TEAM CAPACITY

Owner/Borrower/Developer: Sarah Johnson, Pathway To Tomorrow  
John Guell, Southland Development, Inc.  
Delilah Antolini, South LA Development Group, Inc.

Architect: Cameron Crockett, Ultra Unit Architectural Studio



Financial Consultant: Brad Graves, Haskell & White  
 Attorney: Michael W. Vivoli, Vivoli Saccuzzo, LLP  
 General Contractor: Jack Forest, ABS Fidelity  
 Construction/Conventional Lenders: TBD, possibly Citibank, who issued a commitment letter  
 Social Service Provider: People Assisting the Homeless

The Revolving Loan Fund Guidelines require that applicants demonstrate the capacity to successfully develop the proposed development and that the SGVRHT shall evaluate capacity on the basis of the applicant’s and the development team member’s track record in developing and managing affordable housing.

Pathway To Tomorrow is a well-established local non-profit agency with 8 years of experience of developing affordable housing for the San Gabriel Valley. Since their founding, Pathway To Tomorrow has 120 units in their pipeline.

Southland Development Company (Southland) has developed an extensive track record of successful projects over the past 24 years, with emphasis on shopping center and residential development. Southland Development Company has assembled a dependable team with extensive knowledge of real estate acquisitions, entitlements, land development, and project management. Southland has completed 21 large-scale, mixed-use, residential, retail, commercial, and office developments. Additionally, the company has a number of active projects, including over 591 units of residential multifamily and student housing and 5 retail development projects.

South LA Development Group (SLADG) is a for-profit real estate developer with an extensive track record in the development of single and multifamily residential housing. SLADG also partners with non-profit developers to build affordable housing. Since its inception, SLADG has completed over 117 single and multifamily affordable housing projects in partnership with non-profit affordable housing developers.

**V. UNIT MIX AND INCOME LEVELS**

The proposed rent levels for this development will comply with the Revolving Loan Fund Guidelines minimum affordability requirements. The Developer is proposing that all 35 units be restricted at between 30 and 80% area median income (AMI). The unit mix will be 10 units at 30% AMI, 5 units at 50% AMI, and 20 units at 80% AMI. Below is a summary of the proposed unit mix and selected.

<b>Bedrooms</b>	<b>Low Income Units</b>	<b>Total Units</b>
1	10 @ 30%AMI	10
1	5 @ 50%AMI	5
1	20 @ 80%AMI	20
<b>Total</b>	<b>35</b>	<b>35</b>

## VI. MARKETING AND TENANT SELECTION

The developer plans to work with People Assisting the Homeless (“PATH”) to select tenants and to provide social services to residents with incomes of 50% AMI or less. According to the developer, PATH has shared that there is a great, unmet need for affordable housing for their clients in Pomona. PATH provided a letter of support attesting to a strong working relationship with South LA Development Group.

## VII. SUPPORTIVE & SOCIAL SERVICES

To assist with supportive services and case management for people in need. Pathway To Tomorrow will partner with People Assisting the Homeless (PATH). PATH provides trauma informed services with an emphasis on stabilization, permanent housing placements and re-integration of participants back into the community.

## VIII. CONSTRUCTION AND PERMANENT FINANCING SOURCES AND USES

The development would be primarily funded through a bank loan for the construction-permanent period. Citibank issued a commitment letter on June 5, 2023 for such a loan in an amount not to exceed \$5,201,444. The developer is still working on identifying the remaining permanent funding for the total development cost of \$7,310,444.

Of the \$1,571,490 predevelopment costs, approximately 70% is allocated for land acquisition, with approximately 30% allocated for soft costs, including architecture, engineering, and entitlements.

### Predevelopment Uses

<b>Development Costs</b>	<b>Total</b>	<b>Per Unit</b>
Land Acquisition	\$1,100,000	\$31,429
Predevelopment Soft Costs	\$471,000	\$13,471
<b>TOTAL</b>	<b>\$1,571,490</b>	<b>\$44,490</b>

There are a few outstanding questions related to the development budget. Because the RLF loan would be limited to land acquisition and select predevelopment soft costs, SGRVHT can work on resolving the questions while simultaneously “locking up” the land for affordable housing development. Based on the current development budget, approximately 64% of the total cost would be spent on construction hard costs.

### Development Uses

<b>Development Costs</b>	<b>Total</b>	<b>Per Unit</b>
Land Acquisition	\$1,100,000	\$ 31,429
Construction	4,712,326	134,638
Soft Costs	566,805	16,194
Contingency	323,960	9,256
Financing	73,104	2,089
Developer Fee	199,214	5,692
Other (to be clarified)	335,035	9,572
<b>TOTAL</b>	<b>\$7,310,444</b>	<b>\$208,870</b>

As shown in the following table, RLF funds would be replaced by a bank loan estimated at \$5,201,444 (based on the Citibank commitment letter) and other source(s) to be determined and estimated at \$2,109,000. The current development budget totals \$7,310,444, or \$208,870 per unit.

Construction/Permanent Sources

Sources of Funds	Construction/Permanent	
	Total	Per Unit
Bank Loan	\$5,201,444	\$148,613
TBD	2,109,000	60,257
<b>Project Total</b>	<b>\$7,310,444</b>	<b>\$208,870</b>

**IX. OPERATING BUDGET AND CASH FLOW**

According to the developer, annual operating expenses total \$68,820, or \$1,966 per unit. This is significantly less than the expected applicable LA County minimum of \$6,720. SGVRHT will work with the developer to verify and/or revise the operating budget to match more closely with best practices. The debt service coverage ratio is 1.92, which is significantly above the range required by the RLF Guidelines. SGVRHT anticipates that after the operating budget and pro forma are refined, the debt service coverage ratio will be more in line with best practices.

**X. RELOCATION**

The development site is vacant. No relocation plan is required.

**XI. DESIGN AND ENTITLEMENTS**

Pathway to Tomorrow shared site plans and a design for thirty-five (35) units in total on the site, meeting the zoning requirements of the Corridor Specific Plan, with the permitted density bonus.

**XII. ENVIRONMENTAL REVIEW**

Priority One Environmental, Inc. conducted a Phase I environmental site assessment of the property, dated July 7, 2023. The report identified no recognized environmental conditions, significant data gaps, vapor intrusion risk, de minimis conditions, or business environmental risk. The Phase I assessment indicated “additional environmental investigations are not recommended at this time.”

**XIII. APPRAISAL AND SECURITY**

The property was valued at \$1,100,000 based on an inspection date of June 19, 2023 by Realty Advisors. Aside from the acquisition funds, SGVRHT will distribute funds for the loan on a reimbursement basis as the predevelopment work is completed and only after the pro forma is refined. Should the developer back out of the project, SGVRHT will have a right to use and/or assign the contracts and plans for another developer to continue the project. The loan still carries some risk, but the assignment of contracts and plans mitigates the risk.



#### **XIV. FUNDING AVAILABILITY**

Of the total RLF funding available of \$7,800,000, the SGVRHT has committed \$5,336,000 to three developments to date. In order to fund this development and another development presented to the committee at this time (405 S. Del Mar Ave.), the SGVRHT will re-classify \$1,200,000 of the \$4,000,000 in RLF funding committed to The Boulevard under the permanent financing pipeline. The SGVRHT is able to do this because the SGVRHT Board has committed \$1,200,000 in permanent financing to The Boulevard. In addition, the SGVRHT anticipates being able to re-classify some of the RLF funding for the 405 S. Del Mar Ave. development similarly.

#### **XV. THRESHOLD CRITERIA AND FUNDING PRIORITIES OF THE LOAN REQUEST**

Per the Revolving Loan Fund Guidelines, the proposed development satisfies the five requirements to be considered eligible for RLF funding identified below:

- (1) Applicant qualifications: The applicant is a non-profit developer, and has provided the required documentation that demonstrates experience, financial, and legal capacity to successfully undertake the proposed project.
- (2) Geographic eligibility: The proposed development is in the City of Pomona, an SGVRHT member jurisdiction.
- (3) Project eligibility: The project type is new construction of an affordable housing rental development, meeting the eligibility requirement.
- (4) Expenditure eligibility: The expenditure type is a short-term acquisition/predevelopment loan for affordable rental housing, which is an eligible use per RLF guidelines.
- (5) Affordability requirements: The applicant's rental housing project shall be limited to households with incomes no more than between 30 and 80% of AMI, meeting the affordability requirements.

The proposed development addresses the optional funding priorities in the Revolving Loan Fund Guidelines as follows:

- (1) Sub-Regional Equity: The SGVRHT intends to support developments within all Member jurisdictions and throughout the San Gabriel Valley. At this time there have been no RLF funds committed within the City of Pomona.
- (2) Affordability Levels: The SGVRHT seeks to provide affordable housing to households at all lower income levels (i.e., extremely low-income, very low-income, and low-income) and may prioritize a project or group of projects that include a balance of units at the lower-income levels. The proposed development serves households with incomes of no more than between 30% and 80% AMI, including the low income, very-low income and extremely-low income levels.

- (3) Populations Served: The SGVRHT may consider how or whether projects serve the specific needs of the Member jurisdictions in which they are located. The proposed development will serve PATH clients, who are most likely at risk of homelessness and/or have experienced homelessness.
- (4) Cost Effectiveness: The SGVRHT may prioritize projects that are most cost effective or achieve the lowest possible subsidy per unit for SGVRHT resources. The requested loan equals \$44,490 per unit, less than applicable limit of \$80,000 per unit.
- (5) Readiness & Risk: The SGVRHT may prioritize projects that can reasonably close financing and begin construction sooner than other projects. Construction financing is anticipated to be complete by August 2024, with construction complete by February 2026 and occupancy in February 2026.
- (6) Loan Repayment: The SGVRHT may prioritize projects that realistically propose accelerated loan repayment. The developer intends to repay the loan during construction loan closing.

**XVI. RECOMMENDATION**

It is recommended that a loan amount not to exceed \$1,571,490 be approved for the acquisition and predevelopment costs set forth in this report. The acquisition portion would be made available quickly in order to “lock up” the land for affordable housing development. The predevelopment costs portion would be issued only after the pro forma is refined and as the predevelopment work is completed.

Reviewed and submitted by:



Dima Galkin  
Senior Project Manager

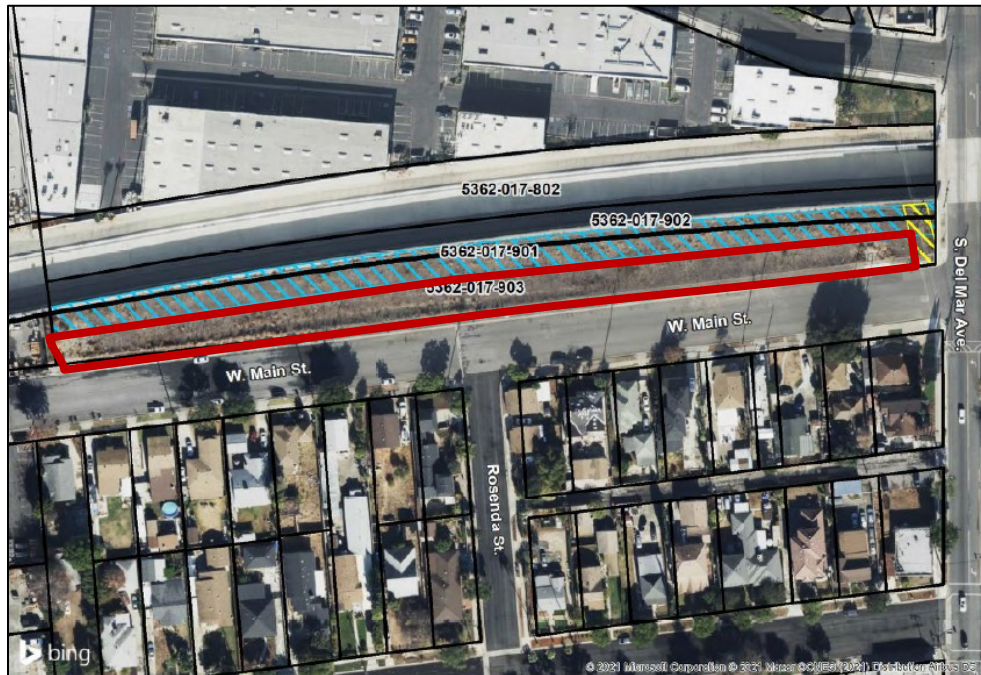
SAN GABRIEL VALLEY REGIONAL HOUSING TRUST  
REVOLVING LOAN FUND PROGRAM

# LOAN COMMITTEE REPORT

## *PREDEVELOPMENT LOAN*

**PROJECT LOCATION**

**405 South Del Mar Avenue  
San Gabriel**



For Committee Meeting on July 12, 2023 & Board Meeting on July 12, 2023  
Prepared by Harris & Associates  
Prepared for San Gabriel Valley Regional Housing Trust, Revolving Loan Fund

## EXECUTIVE SUMMARY

<b>Development Location:</b>	405 South Del Mar Avenue, San Gabriel, CA 91776 APN 5362-017-903
<b>Development Type:</b>	New Construction – Affordable Rental Housing
<b>Requested Loan:</b>	\$2,100,000 Acquisition-Predevelopment Loan (site acquisition and preparation, predevelopment expenses, and community engagement and outreach) (\$35,000 per unit)
<b>Additional Request Subsidy:</b>	N/A
<b>Construction Type:</b>	New Construction
<b>Number/Type Units:</b>	Sixty (60) Units The unit mix will be: (14) studios, (16) 1-bedroom, (15) 2-bedroom, and (15) 3-bedrooms. 38 parking spaces.
<b>Target Population:</b>	The Project will be restricted to large families. 30 units will be reserved for households at or below 30% AMI, 3 units for households at or below 40% AMI, 13 units for households at or below 50% AMI, 13 units for households at or below 60% AMI, and (1) unrestricted manager's unit.
<b>RLF Guidelines:</b>	Complies with Revolving Loan Fund Guidelines.

### **I. REQUEST**

The SGVRHT owns the land on which this development is proposed and plans to provide the land for the development as part of a permanent loan (to be reviewed later). This loan will pay for certain soft costs, including some of the expenses associated with the site preparation, environmental reports, architectural design, planning and permitting fees, and community engagement and outreach.

<b>Developer</b>	The Related Companies of California, LLC
<b>Loan Amount</b>	\$2,100,000 or \$35,000 per residence  The maximum loan amounts for new construction in FY 2022-2023 per the RLF Guidelines are \$4,000,000 per development and \$80,000 per one-bedroom residence and \$84,000 per two or more bedroom residences. The Board of Directors may approve loan amounts exceeding these limits with justification.
<b>Interest Rate</b>	Three percent (3%)

<b>Loan Term</b>	Three years with two 6-month extension options.
<b>Security / Loan Documents</b>	Promissory Note, Deed of Trust, Loan Agreement, Assignment of Contracts and Plans, and Regulatory Agreement
<b>Affordability</b>	The targeted income levels are between 30% and 60% AMI. The proposed term for affordability restrictions is 55 years.
<b>Repayment</b>	The loan will have monthly payments of interest only. Payment of principal is deferred until the construction-permanent financing conversion or loan maturity.
<b>Subordination</b>	None
<b>Prepayment</b>	The loan may be repaid in part or in whole at any time without penalty.

## II. BENEFITS OF THE DEVELOPMENT

- A. The proposed development is currently envisioned as a sixty (60) unit development that will house lower-income families earning no more than between thirty percent (30%) and sixty percent (60%) of the area median income for Los Angeles County.
- B. As a vacant lot, 405 S. Del Mar Ave. represents an underutilized site, making it ideally suitable for multifamily development. Located close to neighborhood-serving amenities, the proposed project will increase housing for low-income households, particularly for families.
- C. By facilitating the necessary environmental mitigation for the development, Related will not only leverage the site's highest and best use, but it will also enhance the quality of life for households facing housing insecurity and today's high housing cost pressures.
- D. Increased housing production will enable the City to meet the quantified objective as stated in its final and certified 2021-2029 Housing Element.
- E. As measured by TCAC's amenity scoring system, the subject site is within walking distance to key neighborhood-serving amenities, such as the Smith Park and San Gabriel Library. The San Gabriel Valley Medical Center is 0.4 miles northwest of the proposed project and Lucky Pharmacy is right next door to the hospital. Future residents can complete their grocery shopping at Mitsuwa Marketplace, which is located within one mile from the project. Other neighborhood amenities include the #176 Bus Line (with a stop 0.2 miles away); Del Mar High School (0.4 miles); and the San Gabriel Valley Medical Center (0.4 miles).

- F. The Project's design will comply with the City's design review guidelines and will be architecturally harmonious and consistent with the scale and impact of similarly sited properties in the neighborhood.
- G. The project will be designed to achieve at a minimum GreenPoint Rated status and incorporate the latest Energy Star Qualified New Homes design principles.
- H. 405 S. Del Mar will be designed with approximately 2,000 sf of designated common area to meet the needs of residents. In addition, an experienced Resident Service Coordinator will provide additional free on-site social services to all tenants, such as instructor-led adult educational, health and wealth, or skill building classes.
- I. The proposed development aligns with the SGVRHT's overall goal of funding and financing the planning and construction of affordable housing serving extremely low, very low-, and low-income households.

### III. PROPERTY & DEVELOPMENT DESCRIPTION

- A. Revolving Loan Fund (RLF) Application Summary: The Related Companies of California (Related) submitted an initial application in October 2022 for a pre-development loan for the site acquisition and pre-development of property. The property was owned by the SGVCOG. Because the property was designated for residential development, the SGVCOG sold the property at market value to the SGVRHT. The developer resubmitted its application in February 2023 for the site preparation, predevelopment, and community engagement and outreach related to the development.
- B. Current Ownership: The SGVRHT purchased the property from the SGVCOG in April 2023 through a purchase, sale, and development agreement. The Trust intends to contribute the land to the development.
- C. Development Description: The developer intends to develop 60 affordable residences consisting of studio, 1-, 2-, and 3-bedroom residences and 2,000 sq ft of designated common area.
- D. Property Description: The subject property is located in the central-west portion of the City of San Gabriel, approximately 1.5 miles north of Interstate 10 and approximately 0.8 miles east of the San Gabriel City Hall.

Alameda Corridor-East Construction Authority ("ACE") acquired the subject property as part of a larger property in 2011 on behalf of the SGVCOG. A portion of the original property was used for the railway trench development and became part of the redeveloped transit corridor trench area. The subject property is the remainder from the original property, designated by ACE as surplus property.

In 2019, the San Gabriel City Council acknowledged that a zone change would be necessary to build housing on the subject property. Also, the site is narrow and long,



so additional land would provide more opportunities for development and site layout. To make the site more feasible for development, the City of San Gabriel's Public Works Department explored vacating 10-12 feet of property, bringing the site out further into the street. The current parcel is known as Los Angeles County Assessor's Parcel Number 5362-017-903 and is 58,874 square feet, or 1.35 acres, in area.

- E. Zoning and Entitlements: The current site is designated Light Industrial in the General Plan and is currently zoned M-1- Light Manufacturing. A zone change to R-3, Multiple Family Residence is needed to allow for multifamily residential development. Additionally, a storm drain, communications easement, and railroad easement are recorded on title, all dated from the time of the larger, original parcel. Any future development will need to design around, revise, or remove these easements from title for the subject property.
- F. Development Schedule: Related has begun predevelopment with an anticipated land acquisition date of December 2025. Related seeks to complete construction financing by December 2025, with construction complete by August 2027 and full occupancy by February 2028.

#### IV. DEVELOPER TEAM CAPACITY

Owner/ Borrower/Developer:	The Related Companies of California, LLC
Architect:	TBD, once site control has been established
Financial Consultant:	N/A
Attorney:	Bocarsly Emden Cowan Esmail & Arndt LLP
General Contractor:	AMJ Construction Management
Construction/Conventional Lenders:	TBD

The Revolving Loan Fund Guidelines require that applicants demonstrate the capacity to successfully develop the proposed development and that the SGVRHT shall evaluate capacity on the basis of the applicant's and the development team members' track record in developing and managing affordable housing.

Related is a full-service development company that has, over their 30 year history, completed over 15,000 residences and currently has more than 1,500 affordable and 3,500 market rate units in pre-development.

Related is a fully integrated development company with in-house professionals spanning a full range of disciplines, including planning, entitlements, architecture, finance, project management, construction, property management and asset management. With a broad operating platform and active working relationships across the industry, Related is uniquely positioned to assemble best in class design and consultant teams equipped to address the unique challenges of each development project. They have deep experience in resident and stakeholder outreach and understand firsthand that active and engaged community outreach is a key component to success in any development project. Related has a substantial track record of successful affordable and mixed-income housing developments, including a large portfolio in the Los Angeles Metro area.

Related is among the largest developers of affordable housing on the West Coast. Virtually all of their completed affordable homes were financed as public-private partnerships, using federal low-income housing tax credits in combination with other government sources of funding such as RAD, HUD Mixed-Finance, Project-Based Vouchers, Project Based HUD-VASH, HOME, MHSA, AHSC, IIG, MHP, VHHP, AHP and LA County funds. A few examples of their successful affordable housing projects include The Curve, a 70-unit senior housing building in South Los Angeles; the redevelopment of Rose Hill Courts, a 100-unit public housing site in Northeast Los Angeles; and Harbor Village, a new construction of 396 attached townhouse units and 228 detached small-lot family units. Related California is backed by one of the largest privately held real estate companies in the nation with a portfolio of \$50 billion in developments.

In addition to Related’s experience as highlighted above, Related has been working with the SGVRHT on the Chapel Avenue Apartments project located in Alhambra.

## V. UNIT MIX AND INCOME LEVELS

The 60-unit development of 100% affordable housing is dedicated for families earning between 30-60% AMI. The project may also dedicate a number of units for intergenerational seniors however the decision to do so is still in process. The unit mix will be: 14x studios, 16x 1-bedrooms, 15x 2-bedrooms, 15x 3-bedrooms, and 1x 2-bedroom manager’s unit. With a 20-year commitment, thirty (30) Section 8 Vouchers will be offered. Below is a summary of the proposed unit mix and Section 8 Vouchers to be offered for 30 of the planned 60-units.

Bedrooms	Low Income Units	Manager	Total Units	Section 8 Vouchers	Total Units – Section 8
Studio	8 @ 30%AMI 2 @ 40% AMI 2 @ 50% AMI 2 @ 60% AMI	0	14	8 @ 30%AMI 2 @ 40% AMI 2 @ 50% AMI	12
1	12 @ 30%AMI 1 @ 40% AMI 2 @ 50% AMI 1 @ 60% AMI	0	16	12 @ 30%AMI 1 @ 40% AMI 2 @ 50% AMI	15
2	7 @ 30%AMI 3 @ 50%AMI 4 @ 60%AMI	1	15	0	
3	3 @ 30%AMI 6 @ 50% AMI 6 @ 60%AMI	0	15	3 @ 30%AMI	3
<b>Total</b>	<b>59</b>	<b>1</b>	<b>60</b>		<b>30</b>

## VI. MARKETING AND TENANT SELECTION

The target population has not been finalized at this time. The target population for the project is currently large families with some component of Special Needs units. However, finalizing the target population mix will depend in large part on existing funding sources



and the Project’s competitiveness in being awarded these funds. As such, a market study will be commissioned once the target population has been finalized.

**VII. SUPPORTIVE & SOCIAL SERVICES**

As a rental development, free on-site social services, such as instructor-led adult educational, health and wealth, or skill building classes, will be available to all tenants and provided by an experienced Resident Service Coordinator.

**VIII. CONSTRUCTION AND PERMANENT FINANCING SOURCES AND USES**

The development will be primarily funded through a private construction loan and tax credit equity. The financing includes the following loans, grants, and assistance:

- 1) Tax Credit Equity
- 2) Construction Loan
- 3) Permanent Loan
- 4) Los Angeles County Development Authority (LACDA)
- 5) City of San Gabriel PLHA Loan
- 6) SGVRHT funding and the land (not included in the development cost in the pro forma provided)
- 7) Deferred developer fee, operating deficit, and transition reserve.

Of the \$38,249,700 total development costs, approximately 64% is allocated for construction costs, 7% for financing costs, 7% for construction contingency costs, 7% for professional fees, 6% for developer fees, 6% for other costs (including soft costs), and 3% for fees and permit costs. Total hard costs for the proposed development, less contingencies, are projected at \$24,301,612, or \$405,027 per residence.

Development Uses

<b>Development Costs</b>	<b>Total</b>	<b>Per Unit</b>
Professional Fees	2,720,000	45,333
Fees and Permits	1,200,000	20,000
Construction Costs	24,301,612	405,027
Construction Contingency	2,755,624	45,927
Financing Costs	2,852,848	47,547
Developer Fee	2,200,000	36,667
Other Costs	2,219,616	36,994
<b>TOTAL</b>	<b>\$38,249,700</b>	<b>\$637,495</b>

The developer did not provide a separate pre-development budget, but did identify that the RLF loan would be focused on the following costs:

- Environmental mitigation: ~\$800,000
- Entitlements: ~\$900,000
- Architectural design: ~\$300,000
- Professional fees: ~\$100,000

As shown in the following table, SGVRHT funds would be leveraged during the construction phase by \$34,144,700 in other funding, a ratio of more than 8 to 1. Construction financing totals \$38,249,700, or \$637,495 per unit.

#### Construction Sources

Sources of Funds	Predev/Construction	
	Total	Per Unit
Tax Credit Equity	\$ 2,656,148	\$ 44,269
Construction Loan	24,549,179	409,153
LACDA	4,410,000	73,500
City of San Gabriel (PLHA)	830,000	13,833
SGVRHT	4,105,000	68,417
Deferred Developer Fee	1,100,000	18,333
Deferred Operating Deficit	466,746	7,779
Deferred Transition Reserve	132,627	2,211
<b>Project Total</b>	<b>\$38,249,700</b>	<b>\$637,495</b>

Permanent financing, shown in the following table, is comprised of Tax Credit Equity (\$22,997,700), a private loan funded by rents from the non-voucher units referred to as “TCAC” units (\$1,711,000), a private loan funded by rents from the voucher units referred to as “PBV” units (\$4,196,000), LACDA (\$4,410,000), City PLHA (\$830,000), and SGVRHT (\$4,105,000). Permanent financing totals \$38,249,700 or \$637,495 per unit.

At the time of this report, permanent financing sources are pending formal commitment.

#### Permanent Financing Sources

Sources of Funds	Permanent	
	Total	Per Unit
Tax Credit Equity	\$22,997,700	\$383,295
Permanent Financing TCAC	1,711,000	28,517
Permanent Financing PBV	4,196,000	69,933
LACDA	4,410,000	73,500
City of San Gabriel (PLHA)	830,000	13,833
SGVRHT – HCD LHTF	4,105,000	68,417
<b>Project Total</b>	<b>\$38,249,700</b>	<b>\$637,495</b>

### IX. OPERATING BUDGET AND CASH FLOW

Project operating expenses, including social programs and replacement reserves, total \$505,243, with a per unit per year cost of \$8,421. This exceeds the applicable LA County minimum of \$6,200. The debt service coverage ratio starts at 1.20 in year 1, within the range required by the RLF Guidelines, and increases.

### X. RELOCATION

The development site is vacant. No relocation plan is required.

## XI. DESIGN AND ENTITLEMENTS

The developer has not yet identified an architect and intends to select one once site control has been established. The developer plans to use a portion of the RLF funds to begin the conceptual design planning.

## XII. ENVIRONMENTAL REVIEW

The City of San Gabriel retained Altec Testing & Engineering, Inc. (Altec) for a Phase I Environmental Site Assessment conducted in April 2021. Altec identified the following recognized environmental conditions:

- Tetrachloroethylene (PCE) in site soil - The detected PCE concentration is low compared to current Cal/EPA Department of Toxic Substances Control (DTSC) and USEPA soil screening levels (0.59 mg/kg and 24 mg/kg, respectively), which indicates that if this were brought to a regulatory agency's attention today, remediation would not be automatically required. The finding would likely trigger a request for additional sampling. That said, additional influencing factors present concerns related to VOCs in site media, particularly owing to the planned land use change from industrial to residential. Because VOCs can migrate from the groundwater as a vapor into the air spaces between soil particles and then enter buildings through foundation cracks and utility corridors, there is a risk for every site where impacted groundwater is present. That risk should be evaluated through a comprehensive soil gas assessment before residential development.
- Former underground storage tanks and fuel dispensers associated with Mullin Lumber - In 1989, a 1,000-gallon gasoline tank, a 6,000-gallon diesel tank and associated dispensers were removed from the target property under supervision from the Los Angeles County Department of Public Works Environmental Programs Division (LADPW-EPD). The understanding and evaluation approach for potential health risks associated with gasoline releases has changed over the past 20 years. Although the tanks were removed and closed in accordance with the 1989 agency requirements, the potential impacts associated with contamination at the fuel dispensers were not evaluated and soil vapor impacts associated with the USTs and dispensers were not evaluated. These risks should be evaluated through a comprehensive soil assessment before residential development.
- Potential lead soil impacts from prior maintenance and demolition associated with the former structures at Mullin Lumber - Former painting/maintenance activities associated with older structures and the eventual demolition work were likely performed without the use of lead safe work practices. These uncontrolled activities often result in the release of lead-containing paint chips/debris to the surrounding soil. Lead impacts in soil at concentrations above agency screening levels would be an REC. Altec recommends that soil assessment be performed for the surface soil near/around the former building footprints and across the site to screen the soil for elevated lead concentrations. Concentrations exceeding 80 milligrams per kilogram (mg/kg) or parts per million (ppm) should be removed before grading takes place.



It should also be noted that per the December 2022 Appraisal report, the Valuation Analysis notes that per a Phase I and Phase II report provided to the appraiser as part of a prior appraisal study, as well as a Memorandum provided by Eco & Associates, it is understood that any residential development of the site would require a Vapor Intrusion Mitigation System (VIMS) with an understanding that the determination as to the type and extent of a VIMS which would be required at the subject site, is beyond the expertise of the appraiser.

The developer has identified environmental remediation with respect to the potential for soil and soil vapor impacts, lead contamination, and regional groundwater contamination associated with prior uses as a barrier to address within their application. The “Residential Structures” line item in the proforma has committed initial funds in the amount of \$300,000 for the vapor barrier as well as funds committed from the “Other Consultants” line item to help address 3<sup>rd</sup> party environmental agency scope and reports. If the cost to complete the site remediations exceeds the current budget, the developer will seek additional gap financing.

### **XIII. APPRAISAL AND SECURITY**

The property was valued at \$4,540,000 based on an inspection date of December 23, 2022 by R.P. Laurain & Associates. Because the SGVRHT owns the property, the land will not serve as security for the loan. Rather, SGVRHT will distribute funds for the loan on a reimbursement basis as the predevelopment work is completed. Should the developer back out of the project, SGVRHT will have a right to use and/or assign the contracts and plans for another developer to continue the project. The loan still carries some risk, but the assignment of contracts and plans mitigates the risk.

### **XIV. FUNDING AVAILABILITY**

Of the total RLF funding available of \$7,800,000, the SGVRHT has committed \$5,336,000 to three developments to date. In order to fund this development and another development presented to the committee at this time (1377 N. Garey Ave.), the SGVRHT will re-classify \$1,200,000 of the \$4,000,000 in RLF funding committed to The Boulevard under the permanent financing pipeline. The SGVRHT is able to do this because the SGVRHT Board has committed \$1,200,000 in permanent financing to The Boulevard. In addition, the SGVRHT anticipates being able to re-classify some of the RLF funding for this development similarly.

### **XV. THRESHOLD CRITERIA AND FUNDING PRIORITIES OF THE LOAN REQUEST**

Per the Revolving Loan Fund Guidelines, the proposed development satisfies the five requirements to be considered eligible for RLF funding identified below:

- (1) Applicant qualifications: The applicant is a non-profit developer, and has provided the required documentation that demonstrates experience, financial, and legal capacity to successfully undertake the proposed project.

- (2) Geographic eligibility: The proposed development is in the City of San Gabriel, an SGVRHT member jurisdiction.
- (3) Project eligibility: The project type is new construction of an affordable housing rental development, meeting the eligibility requirement.
- (4) Expenditure eligibility: The expenditure type is a short-term predevelopment loan for affordable rental housing, which is an eligible use per RLF guidelines.
- (5) Affordability requirements: The applicant's rental housing project shall be limited to households with incomes no more than between 30 and 60% of AMI, meeting the affordability requirements.

The proposed development addresses the optional funding priorities in the Revolving Loan Fund Guidelines as follows:

- (1) Sub-Regional Equity: The SGVRHT intends to support developments within all Member jurisdictions and throughout the San Gabriel Valley. At this time there have been no RLF funds committed within the City of San Gabriel.
- (2) Affordability Levels: The SGVRHT seeks to provide affordable housing to households at all lower income levels (i.e., extremely low-income, very low-income, and low-income) and may prioritize a project or group of projects that include a balance of units at the lower income levels. The proposed development serves households with incomes of no more than between 30% and 60% AMI, including both the very-low income and extremely-low income levels.
- (3) Populations Served: The SGVRHT may consider how or whether projects serve the specific needs of the Member jurisdictions in which they are located. The proposed development will serve large families at very-low and extremely-low income levels.
- (4) Cost Effectiveness: The SGVRHT may prioritize projects that are most cost effective or achieve the lowest possible subsidy per unit for SGVRHT resources. The requested loan equals \$35,000 per unit, less than applicable limits of \$80,000 and \$84,000 per unit.
- (5) Readiness & Risk: The SGVRHT may prioritize projects that can reasonably close financing and begin construction sooner than other projects. Construction financing is anticipated to be complete by December 2025, with construction complete by August 2027 and occupancy in February 2028.
- (6) Loan Repayment: The SGVRHT may prioritize projects that realistically propose accelerated loan repayment. The developer intends to repay the loan during construction loan closing.

## XVI. RECOMMENDATION

It is recommended that in alignment with funding availability, a loan amount not to exceed \$2,100,000 be approved for the site preparation and predevelopment costs set forth in this report.

Reviewed and submitted by:



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Dima Galkin  
Senior Project Manager

**RESOLUTION NO. 23-10**

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (SGVRHT) AUTHORIZING EXECUTIVE DIRECTOR TO ISSUE LETTERS OF COMMITMENT FOR RECOMMENDED PROJECTS**

**WHEREAS**, the San Gabriel Valley Regional Housing Trust allocated \$7,800,000 to develop a Revolving Loan Fund (RLF) to support acquisition, predevelopment, and construction of affordable housing;

**WHEREAS**, the RLF loan committee reviews RLF applications and makes recommendations for funding; and

**WHEREAS**, the RLF loan committee recommends funding for the below projects; and

**WHEREAS**, funding awards for the recommended projects would be designated with a Letter of Commitment.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors authorizes the Executive Director to issue a Letter of Commitment to the following projects:

- 1.) The Boulevard, Montebello- \$4,000,000
- 2.) 1377 N. Garey Avenue, Pomona- \$1,571,490
- 3.) 405 S. Del Mar, San Gabriel- \$810,000

**PASSED AND ADOPTED** by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 18<sup>th</sup> day of July 2023.

San Gabriel Valley Regional Housing Trust

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Jed Leano, Chair

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 23-10 was adopted at a regular meeting of the Board of Directors held on the 18<sup>th</sup> day of July 2023, by the following vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_  
Marisa Creter, Secretary



# REPORT

DATE: July 18, 2023

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **SGVRHT Historical Funding Uses and Interim Housing Cost Breakdown**

## **RECOMMENDED ACTION**

For information only.

## **BACKGROUND**

At its June meeting, the SGVRHT Board of Directors requested an assessment of how SGVRHT funds had been allocated to date including a ratio of uses between affordable and homeless housing. Below is a summary of funds the SGVRHT has received:

### **Sources**

	Measure H	LHTF	State Budget Earmark	Federal Earmark
FY 20-21	\$891,420	\$1,000,000	\$1,000,000	
FY21-22		\$1,000,000	\$20,000,000	\$3,000,000
FY22-23		\$1,000,000	\$10,000,000	\$4,000,000
FY23-24		\$4,105,000		
subtotal	\$891,420	\$7,105,000	\$31,000,000	\$7,000,000
Total				\$45,996,420

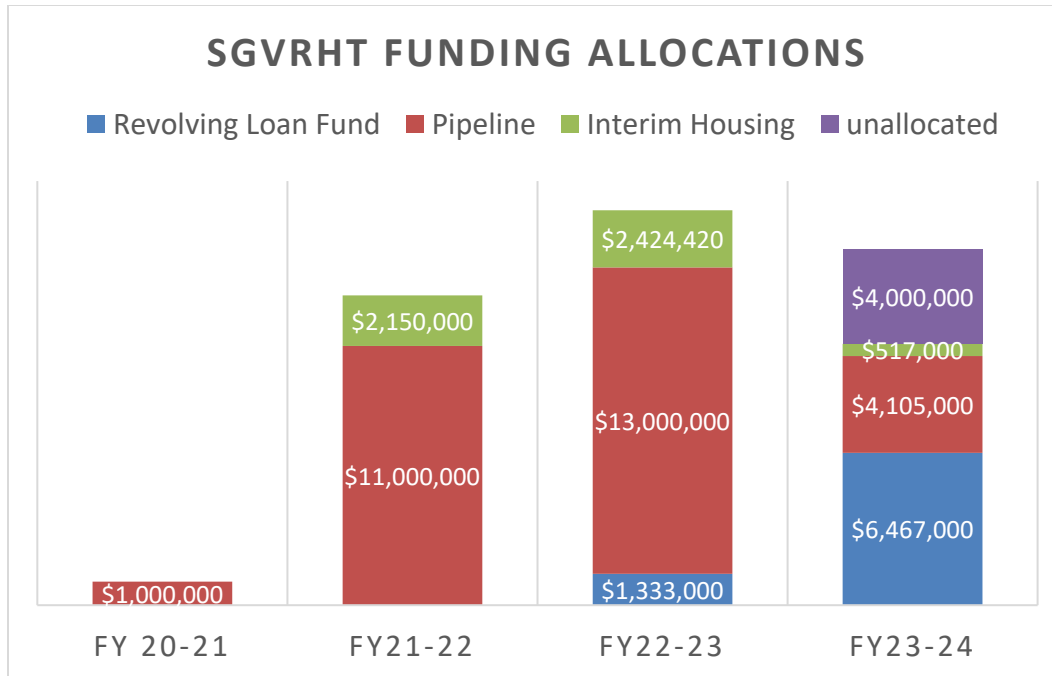
The Board has taken action to allocate all funds received to a program, with the exception of \$4 million to be allocated. A summary of those funding allocations follows:

### **Uses**

	Revolving Loan Fund	Pipeline	Interim Housing	unallocated
FY 20-21		\$1,000,000		
FY21-22		\$11,000,000	\$2,150,000	
FY22-23	\$1,333,000	\$13,000,000	\$2,424,420	
FY23-24	\$6,467,000	\$4,105,000	\$517,000	\$4,000,000
subtotal	\$7,800,000	\$29,105,000	\$5,091,420	\$4,000,000
Total				\$45,996,420

The SGVRHT has dedicated 80% of its funding to affordable housing efforts including Pipeline funding, and acquisition to construction loans through the Revolving Loan Fund. The SGVRHT has dedicated 10% of its funding to date to homeless housing, which includes the capital development of 105 beds of interim housing (48%), and operational

support to provide onsite supportive services (52%). The SGVRHT has \$4 million or 10% of its historical funding to allocate to future projects. The bar chart below shows the proportional funding share of programs over the last 3 fiscal years and the current fiscal year.



As evidenced above, the SGVRHT will spend significantly less on interim housing this year than the prior two fiscal years. The SGVRHT initially funded the development of the sites and paid for the first year of operations at Esperanza Villa and Operation Stay safe to during the pilot program period. The successful launch of the pilot lead the County Homeless Initiative to develop the Cities and Councils of Governments Interim Housing Services (CCOGIHS) fund to assist with operational expenses at interim housing sites for individuals. The Los Angeles Housing Services Authority (LAHSA) is providing operational support to family sites, including Serenity Homes.

## **NEXT STEPS**

The SGVRHT has \$4 million which it can allocate to affordable or homeless housing efforts. The SGVRHT submitted Federal Earmark applications which would increase funding for affordable housing; decisions are anticipated to be announced on the fall. The SGVRHT's FY23-24 efforts will focus on securing capital funding for affordable housing. The SGVRHT will apply to Regional Early Action Planning (REAP) 2.0 in July to expand the Revolving Loan Fund and potentially support the development of a land trust. The SGVRHT will continue to support interim housing sites in identifying additional operational sources.

# REPORT

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