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November 12, 2026

Los Angeles City Council
City of Los Angeles, c/o the City Clerk
Room 395, City Hall
200 N. Spring Street
Los Angeles, CA 90012

CORRECTION TO COUNCIL FILE NO. 25-0400 AND REVISED PROJECT SCOPE FUNDING AND LOAN TERMS

The Los Angeles Housing Department (LAHD) respectfully requests that the revised transmittal dated November 12, 2026, under C.F. Nos. 25-0400, replace the original transmittal dated October 6, 2026. The revised request removes Las Brisas, FAME Northeast and the 14 SRO Housing properties, and retains eight projects with 455 total units, including 441 affordable units. All eight retained projects would receive LACAHSA funds totaling $14,042,247, a reduction of $2,443,300 from the $16,485,547 allocated to projects in the October 6 draft. The revised transmittal also changes loan and regulatory agreement terms. The changes are as follows:

Recommendations

1. Recommendation A is revised to authorize expenditure and disbursement of $14,042,247 in FY 2025-26 LACAHSA funds from Fund 69A, Account 43CD66. The October 6 recommendation requested up to $17,371,673 for FY 2025-26 and $17,480,669 for FY 2026-27 from Account 43ED66. V13 removes the FY 2026-27 authorization from this request.
2. The October 6 Recommendation D, authorizing applicable interest-rate reductions to as low as 3 percent and affordability extensions of up to 55 years on existing LAHD loans, is deleted as a separate recommendation. The former Recommendation E becomes Recommendation D and retains the Broadway Village I and II consolidation, assignment and assumption authorities, while adding authority to replace the existing 5.08 percent compounding interest rate on the assumed LAHD debt with an AFR-based rate.
3. A new Recommendation E authorizes an amended regulatory agreement with Broadway Village GP LLC for Broadway Village I and II, subject to City Attorney approval as to form. It authorizes rent limits aligned with the TCAC award that do not exceed 60 percent AMI (HUD), and a regulatory agreement term of at least 55 years.
4. Recommendation I removes the $443,300 FAME Northeast allocation and the $2,000,000 SRO Housing allocation. The table retains The Brine Residential at $2,086,376 (Loan Nos. 18-125506-001 and 18-

125506-002), and retains the other project funding amounts. The FAME line is reduced to Gardens ($1,360,512; CRA871771-002) and Manor ($1,156,612; BA0185), renumbered (1) and (2). The table totals $14,042,247, compared with $16,485,547 in October. The language and lettering of Recommendations B, C, F, G, H, J and K remain substantively unchanged, with B and C applying to the revised project tables.

Header, Title, Executive Summary and Summary

1. The header is revised to list Council Districts 1, 9, 10, 14 and 15, removing Council District 8 following the removal of FAME Northeast. The title is revised from 24 projects, with funds for 23, to eight projects, all receiving funds, and replaces the $17,371,673 ceiling with $14,042,247.
2. The Executive Summary replaces the October draft's references to 24 projects and 1,534 affordable units with eight projects, 455 total units and 441 affordable units. It removes the description of a 24th project receiving only an interest-rate reduction, reflecting the removal of Las Brisas. The City investment described as at risk is revised from over $92 million to approximately $37.2 million.
3. The Executive Summary adds an explanation of the City's cumulative municipal investment, the risk to subordinate loans and affordability covenants from senior foreclosure, and a $14,042,247 funding request averaging approximately $30,862 per total unit. It also expressly states that the assistance consists of repayable loans, bridge financing or protective advances rather than grants, that repayments will be recycled to the City's Asset Protection account, and that there is no General Fund impact.
4. New Developer Portfolio and Historical Background and Global Portfolio Analysis subsections describe the retained owners and developers, resident displacement risks, foreclosure exposure, and legal or bankruptcy issues. These include Decro Corporation and Brine Residential, L.P., Citibank's scheduled trustee sale at The Brine Residential, PUHC's Chapter 11 proceedings affecting Pascual Reyes, and tenant habitability litigation at Eastside Village. These subsections were not present in the October 6 transmittal.
5. The October 6 Overview is retitled Summary and revised from 24 projects and approximately $92.2 million in City loan exposure to eight projects and approximately $37.2 million in outstanding City principal. The revised narrative requests $14,042,247 for eight projects with 441 affordable units and cites approximately $30,862 per total unit and 441 families housed, replacing the original references to 23 funded projects, 1,504 units, roughly $10,700 per unit and 1,534 families.
6. The Summary also aligns its expenditure and disbursement request with $14,042,247. The October 6 draft used $17,371,673 in its opening funding request and $16,485,547 in the subsequent paragraph identifying the project allocations. The $17,371,673 FY 2025-26 account allocation itself remains unchanged.

Background

1. The Background introductory paragraph and funding subsections are revised from 24 projects, with funding for 23, to eight projects, all funded. Recommendation I obligations decrease from $16,485,547 to $14,042,247, and the unobligated balance increases from $886,126 to $3,329,426. The separate treatment of Las Brisas is removed.
2. The Projects Proposed for Funding subsection is revised to eight projects with 441 affordable homes compared with the October narrative's 24 projects, 1,534 affordable homes. It states approximately $37.2 million in current City principal and approximately $14 million in requested assistance, averaging $1.76 million per project and $30,862 per unit across 455 total units.

3. Tables 1 through 4 remove Las Brisas, FAME Northeast and SRO Housing (14 properties). The Brine Residential remains row 6; FAME Gardens and FAME Manor are renumbered from rows 9 and 10 to rows 7 and 8. Table 1 adds a separate Affordable Units column and totals of 455 total units and 441 affordable units. The retained entries are Broadway Village I and II, Central City Apartments, Eastside Village Family Housing, Pascual Reyes Apartments, The Brine Residential, FAME Gardens and FAME Manor.
4. Table 2 removes Las Brisas principal of $1,044,276 with no new funding, FAME Northeast principal of $3,416,597 and funding of $443,300, and SRO Housing principal of $50,533,017.99 and funding of $2,000,000. The totals change from $92,176,133.35 in current LAHD principal, $16,485,547 in proposed funding and $108,661,680.35 in total investment to $37,182,242, $14,042,247 and $51,224,489, respectively. The Brine's $13,440,000 in existing principal, $2,086,376 in proposed funding.
5. Table 3 replaces The Brine Residential's 12-month loan, due and payable, with a 52-year residual receipts loan at 3 percent interest maturing October 27, 2078. For Broadway Village I and II, it replaces the prior description of assumed existing loans plus up to $700,000 at the AFR in effect at closing with assumed and combined existing loans, specifying a 5.52 percent AFR for the combined debt, and a new 57-year residual receipts loan at 3 percent simple interest in the amount of $688,000, not to exceed $700,000. The $700,000 authorized funding ceiling remains unchanged. Loan terms for the other retained projects are unchanged.
6. Table 4 changes the proposed regulatory agreement terms for Broadway Village I and II, Eastside Village, Pascual Reyes, The Brine Residential, FAME Gardens and FAME Manor from no change to 55 years, expiring 55 years from origination. Broadway Village II also includes an increase in the AMI limit for 10 units to 60 percent. Central City Apartments retains its proposed 55-year term. The removed projects' rows are deleted; the existing expiration dates for retained projects remain as listed in the October table.
7. The Sole Source Justification removes FAME Northeast from its examples of urgent repairs. The Substitution of Funding Source, Emergency Disbursements and Eligible Uses of Funds subsections, the remaining sole-source rationale, and the Fiscal Impact statement that there is no General Fund impact remain substantively unchanged.

Project Summary Attachments

1. The revised attachment package retains six summaries covering eight projects. The Las Brisas and SRO Housing summaries are omitted from the current request. The November 4 FAME summary replaces the September 24 three-project summary with Gardens and Manor only, removes Northeast and its HCD note-purchase discussion, and reduces requested funding from $2,960,424 to $2,517,124 and affordable units from 161 to 137. It adds new 55-year regulatory agreements expiring in 2081 for both retained properties. The stated City loan receivables change from approximately $24.773 million to $10.6 million; the latter corresponds to the retained principal balances, excluding accrued interest. Removal of the Las Brisas summary also removes its request to reduce the existing loan rate from 6 percent to 3 percent and extend its regulatory agreement for 55 years. Removal of the SRO summary removes the proposed three-year, zero-interest operating reserve loan, its draw conditions and potential conversion to property-specific residual receipts loans subject to further Council approval.
2. The November 9 Broadway Village I and II summary expands the proposed uses of funds to capital expenditures and operations and describes exhausted replacement reserves, code and life-safety work,

vacant-unit preparation, and a joint $1.6 million request to LAHD, HCD and LACDA. It adds 49 CRA-assisted units at Broadway Village II to the regulatory background and changes the preservation count from 66 affordable units to 56, while retaining 66 total units. It replaces the prior AFR-based rate of 3 percent on assumed debt with an AFR-based rate and specifies a new 57-year residual receipts loan at 3 percent simple interest for $688,000, not to exceed $700,000. It adds 55-year regulatory agreements and requests TCAC-aligned rent limits up to 60 percent AMI for up to six units at Broadway Village I and 13 at Broadway Village II, supportive-services definitions and technical adjustments. A new rent section provides for returning tenants to resume their prior rents, subsequent increases under applicable policy, the most stringent applicable restrictions, and 60 percent AMI rents upon turnover and for currently vacant units. The revised Broadway narrative removes the prior express description of the purchaser as unrelated to the current owner with a nonprofit managing general partner and the Plan A and Plan B labels. It adds a statement that the action will stop the trustee sale and protect $3 million in City investment, while retaining the separate closing reference to approximately $8.1 million in City investment.

3. The November 9 Brine Residential summary retains the $2,086,376 funding ceiling but changes the one-year protective advance to a 52-year residual receipts loan at 3 percent interest, maturing October 27, 2078, and adds a new 55-year regulatory agreement expiring in 2081. The funds remain protective advances paid directly to Citibank/Berkadia for construction interest arrears and debt service. Disbursement will occur at permanent loan conversion and is contingent upon the borrower bringing the project into compliance with LACDA. The summary replaces the October 31 settlement-contingency narrative with an October 16 Notice of Trustee's Sale scheduling a November 18, 2026 sale at 11:00 a.m., citing $35,383,881.67 as the estimated opening bid and debt obligation. It removes the prior 11-month debt-service coverage period, 10 percent floating-rate contingency, one-year repayment requirement, express 12-month conversion and workout conditions, and provision returning the backstop funds if the settlement closes. It also removes the earlier general-partner removal, receiver-action and loan-upsizing narrative, adds the construction-interest dispute and revises the LACDA finding to state that loan proceeds designated for residential construction were improperly used to fund the commercial portion of the development, rather than diverted to the commercial shell and slab development. The revised Brine narrative also deletes the statement that the default balance exceeds $59.36 million and the proposed LAHD preliminary default notice citing $913,413.51 in unpaid construction-period interest and delinquent property taxes. The separate total project-debt figure of $59,357,770, appraisal and combined loan-to-value discussion remain unchanged.
4. The November 4 Central City Apartments summary changes the regulatory action from an extension of existing affordability covenants to a new 55-year regulatory agreement expiring in 2081. It expressly states that existing AMI levels will not change, removes the statement that no appraisal was completed, and corrects the purchase-or-payoff wording. The $4,461,412 loan, two-year term with a one-year extension option, 3 percent interest-only payments and proposed reduction of the existing LAHD loan rate from 5 percent to 3 percent are retained.
5. The November 4 Eastside Village Family Housing summary adds a new 55-year regulatory agreement expiring in 2081 and deletes the sentence committing LAHD to subordinate to the permanent lender. It retains the $3,809,835 loan, two-year term with a one-year extension option, 3 percent interest rate and monthly accrued-interest payments.

6. The November 4 Pascual Reyes Apartments summary replaces the statement that no regulatory agreement change is proposed, with the existing term ending January 25, 2061, with a request for a new 55-year regulatory agreement expiring in 2081. The $467,500 loan, 10-year term, 3 percent interest rate and 30-year amortization remain unchanged.

LAHD therefore recommends that the revised LAHD transmittal dated November 12, 2026 and the revised project summary attachments replace the prior transmittal dated October 6, 2026 and its project summary attachments.

Sincerely,



Tiena Johnson Hall
General Manager

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Luz C. Santiago, Executive Officer

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REVISED

November 12, 2026

Council File: 25-0400 & 25-0400-S1
Council Districts: 1,9,10,14,15
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Honorable Members of the City Council City
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COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR AUTHORITY TO ENTER INTO LOAN AMENDMENTS AND/OR ENTER INTO NEW LOANS FOR THE PURPOSE OF STABILIZING EIGHT AFFORDABLE HOUSING PROJECTS WITH OUTSTANDING CITY LOANS; AND OBLIGATE AND DISBURSE UP TO $14,042,247 (FY25-26) IN LOS ANGELES COUNTY AFFORDABLE HOUSING SOLUTIONS AGENCY (LACAHSA) ELIGIBLE JURISDICTION FUNDS FROM THE LACAHSA PRODUCTION, PRESERVATION, AND OWNERSHIP FLEXIBLE ACCOUNT, TO LOAN THE FUNDS TO EIGHT OF THOSE AFFORDABLE HOUSING PROJECTS UNDER THE TERMS AND MODIFICATIONS DELINEATED HEREIN

EXECUTIVE SUMMARY

Across Los Angeles, thousands of affordable housing units are facing a silent crisis. Over the past several years, property owners faced a perfect storm: pandemic-era rent freezes capped income, while property insurance, utility bills, and basic maintenance costs rose sharply. At the same time, high interest rates made it nearly impossible for non-profit housing providers to refinance older bank loans as they came due. Without quick help, many of these properties face immediate foreclosure by private banks, which would erase long-term affordability rules, displace vulnerable tenants, and put approximately $37.2 million of the City's past housing investments at risk.

This transmittal asks City Council for authority to step in and save eight (8) troubled affordable housing projects, representing 441 affordable housing units out of 455 total units. By amending the existing City loan agreements and/or by using designated Los Angeles County Affordable Housing Solutions Agency (LACAHSA) funds for all eight (8) of those troubled affordable housing projects, the Los Angeles Housing Department (LAHD) can step into senior debt positions, pay off high-interest private lenders threatening foreclosure, fix urgent roof and plumbing problems, and extend affordability restrictions for up to 55 years. Approval of these recommendations allows LAHD to act quickly, protect low-income residents from losing their homes, and keep existing affordable housing stable for generations to come.

The $37.2 million represents cumulative municipal investments dating back to 1990 across these affordable

housing projects. When the senior private lender forecloses on any of these properties, the City's subordinate residual receipt loans are entirely wiped out, resulting in a total financial loss of these public assets and the immediate erasure of long-term affordability covenants. Deploying $14,042,247 in LACAHSA funds across the eight (8) projects represents a targeted local investment averaging approximately $30,862 per unit. This allows the City to pay off or acquire maturing senior debt, step into senior lien positions, and avert imminent foreclosures—safeguarding the City's existing investment at a fraction of the cost of constructing new affordable units.

All proposed LACAHSA assistance is provided strictly as repayable loans, bridge financing, or protective advances NOT grants. In purchasing or paying off private senior notes, LAHD steps into the senior lender position, securing priority of repayment and strengthening municipal control over the asset. All debt service and loan principal repayments will be recycled back into the City's Asset Protection account for future preservation efforts, with zero impact on the City General Fund.

Developer Portfolio & Historical Background

- **Alliance Property Group, Inc. (APG) / Broadway Villages Preservation, LP (Broadway Village I & II):** An experienced affordable housing developer stepping in under a workout plan to acquire Broadway Village I & II from distressed ownership (Deep Green). APG and the new non-profit managing general partner will operate the 66 units on a standalone basis while positioning the site for future tax-credit recapitalization.

- **Phoenix Realty Group (PRG) & Greater Bethany EDC (Central City Apartments & Eastside Village Family Housing):**
  Phoenix Realty Group has served as an ownership partner since 2004, developing and operating affordable family housing. For Central City Apartments, PRG partners with Greater Bethany Economic Development Corporation, a community-based non-profit with a long tradition of economic empowerment and affordable housing development in South Los Angeles (**CD 1** & **CD 15**).

- **Pico Union Housing Corporation (PUHC) (Pascual Reyes Apartments):**
  Established as a community-rooted non-profit housing organization in **CD 1**, PUHC has developed and managed affordable housing, large-family townhomes, and historic conversions across the Pico-Union neighborhood for decades.

- **Decro Corporation / Brine Residential, L.P. (The Brine Residential):**
  Decro Corporation serves as the non-profit partner alongside borrower Brine Residential, L.P. for The Brine Residential, bringing decades of experience having developed and managed affordable housing across Los Angeles to the 97-unit permanent supportive housing project in CD 14.

- **FAME Housing Corporation (FAME Gardens, FAME Manor):**
  Formed as the housing development entity of First AME Church of Los Angeles (the oldest African American church in LA, founded in 1872), FAME Housing Corporation has a decades-long history of providing community services, senior housing, and affordable family apartments across **CD 10**.

GLOBAL PORTFOLIO ANALYSIS: Resident Displacement & Litigation Risks

Approving the $14,042,247 in LACAHSA loans and proposed loan modifications across eight of these projects will explicitly prevent resident displacement across all 441 restricted affordable units. City intervention secures LAHD in senior or protected lien positions, averts third-party foreclosures, and establishes new 55-year regulatory agreements locking in affordability covenants through 2081 across the portfolio.

Displacement would occur if City funding and loan modifications are NOT approved. Multiple developments across the portfolio face imminent private senior lender foreclosures, maturity defaults, and forced asset liquidations (such as Citibank's scheduled trustee sale at The Brine Residential, Fannie Mae's defaulted note at Eastside Village, Hanmi Bank's bond debt at Central City Apartments, and Citibank/Berkadia note maturities across the FAME and Pascual Reyes portfolios). A third-party foreclosure sale or private bank liquidation would legally eliminate the existing affordability covenants, exposing low-income families across all 441 restricted units to market-rate rent increases, immediate eviction, or displacement by private buyers.

Several developments across the portfolio are currently navigating complex legal, bankruptcy, or habitability challenges. These include organization-wide Chapter 11 bankruptcy filings (Pico Union Housing Corporation, affecting Pascual Reyes Apartments), and active tenant habitability litigation (*Lawrence Genyard vs. Eastside Villas*, Case No. 22STCV26485 at Eastside Village seeking ~$1.4M in attorney fees). Combined with severe pandemic-era operating deficits, these legal hurdles create practical barriers that prevent non-profit borrowers from securing conventional bank refinancing or executing property sales. Deploying targeted LACAHSA bridge loans and loan modifications provides the essential stabilization runway needed to cure senior defaults and protect public assets while long-term legal, operational, and financial restructurings are finalized.

SUMMARY

Over the last few decades, the City invested tens of millions of dollars to build and preserve affordable apartment buildings, ensuring that rent would remain affordable for low-income residents. However, a combination of recent economic shocks has brought many of these housing projects to the brink of financial failure. Housing providers found themselves stuck in an unsustainable position: their rental income remained locked in place while the basic everyday costs of running a residential building ballooned.

Compounding this problem, many non-profit housing operators are now facing maturing mortgage loans with commercial banks. In today’s high-interest-rate environment, these properties cannot generate enough cash flow to qualify for standard private refinancing. As a result, major private lenders are issuing formal notices of default and starting foreclosure proceedings on properties across the city. If a private bank forecloses on an affordable housing site, the legal agreements that keep rents affordable are erased. Landlords can then raise rents to market rates or sell the buildings to private buyers, forcing low-income residents out of their homes and pushing more families into homelessness. Foreclosure places the City's previous investments in direct jeopardy. Across the eight troubled housing developments identified in this transmittal, the City has already committed approximately $37.2 million in principal in public housing loans.

To prevent this outcome, the General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to expend up to $14,042,247 for Fiscal Year 2025-26 in Los Angeles County Affordable Housing Solutions Agency (LACAHSA) Eligible Jurisdiction funds. These funds will target eight (8) troubled housing developments facing immediate foreclosure, severe financial stress, or critical repair needs across 441 affordable units. The authority to make protective advances described in this transmittal is not a new or expanded authority. LAHD's existing loan documents already provide for such advances as a routine exercise of the City's rights as a lender to protect its investments.

By deploying an average of roughly $30,862 per unit in targeted local assistance, LAHD can pay off or acquire maturing senior debt, lower interest rates on existing City loans, provide urgent funding for critical roof and safety repairs, and consolidate troubled property sites. In exchange for this financial stabilization, LAHD will extend affordability covenants on these properties for up to 55 additional years. Approval of this transmittal gives LAHD the emergency tools required to avert foreclosure, protect the City's investment, and keep 441 families safely and

affordably housed for generations to come.

The $17,371,673 (FY 25-26) in LACAHSA Eligible Jurisdiction funds are held in the LACAHSA Production, Preservation, and Ownership Flexible (PPO Flexible) accounts within Fund No. 69A, which the City established under its approved LACAHSA Expenditure Plan. LAHD requests expenditure and disbursement authority for $14,042,247 of these funds for the projects identified below. The projects identified below face immediate foreclosure deadlines and time-sensitive stabilization needs; approval of this transmittal will establish the authorities necessary for LAHD to preserve these units.

RECOMMENDATIONS

I. That the City Council, subject to the approval of the Mayor:

A. AUTHORIZE the General Manager of LAHD, or designee, to expend and disburse up to $14,042,247 (FY 25-26) from Fund 69A Account 43CD66 in LACAHSA funds, consistent with planned expenditures as described in this transmittal;

B. FIND that, for any new contracts signed to support the projects identified in Table 1 of this transmittal, there is a basis to enter into sole source contracts pursuant to: (i) Los Angeles City Charter Section 371(e)(5), as there is "urgent necessity for the preservation of life, health or property"; and (ii) Los Angeles City Charter Section 371(e)(10), as it is "undesirable, impractical or impossible" for such new contracts to be competitively bid, with the basis for these findings further detailed in this transmittal;

C. AUTHORIZE the General Manager of LAHD, or designee, to disburse protective advances under existing contracts and/or enter into new sole source contracts to pay off or purchase senior debt, disburse protective advances, fund emergency life-safety repairs, fund operating expenses or capital improvements, or provide relocation assistance, for the identified projects and in amounts not to exceed those shown in Table 2 of this transmittal;

D. AUTHORIZE the General Manager of LAHD, or designee, to combine Broadway Village I and Broadway Village II into a single scattered-site loan new agreement, and to consolidate the revenues, expenses, and loan obligations of the two sites; to consolidate the two existing LAHD regulatory agreements into a single regulatory agreement covering both sites; and to approve the assignment and assumption of the existing LAHD loans on the Broadway Village I and Broadway Village II sites to the new ownership entity; and to replace the existing 5.08 percent compounding interest rate on the assumed LAHD debt with an AFR-based rate;

E. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute an amended regulatory agreement with Broadway Village GP LLC regarding Broadway Village I and Broadway Village II, subject to the review and approval by the City Attorney as to form, to amend the regulatory agreement as follows:

- Modify the rent limits to align with the TCAC award, to an amount that does not exceed 60% AMI (HUD);

- Extend the term of the regulatory agreement to mature on or after 55 years;

F. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute new and/or amended loan documents (including loan agreements, promissory notes, regulatory agreements, and any other

applicable documents) as necessary to fund and administer the projects as further specified in this transmittal, subject to the review and approval of the City Attorney as to form;

G. AUTHORIZE the General Manager of LAHD, or designee, to substitute or replace the LACAHSA Eligible Jurisdiction funding source identified in this transmittal with any other eligible funding source, should circumstances require;

H. AUTHORIZE the General Manager of LAHD, or designee, to subordinate LAHD's loans to other project lenders, where such action is recommended in this transmittal for a particular project;

I. AUTHORIZE the Controller to obligate and disburse funds for the following projects from LACAHSA Fund No.69A upon proper demand of the General Manager of LAHD, or designee, for those projects and in those amounts listed in the table immediately below:

Fund	Account	Project Name:	Amount:	Loan Number
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	Broadway Village I	$700,000	BA0379
		Broadway Village II		(1) CRA872513-003 (2) BA0396
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	Central City Apartments	$4,461,412	980220-002
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	Eastside Village Family Housing	$3,809,835	CRA872400-002
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	Pascual Reyes Apartments	$467,500	CRA872501-002
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	The Brine Residential	$2,086,376	(1) 18-125506-001 (2) 18-125506-002
69A	43CD66-PPO-PL-Prod Presv Ownership Flexible	FAME: (1) Gardens; (2) Manor	(1) $1,360,512 (2) $1,156,612	(1) CRA871771-002 (2) BA0185

J. DIRECT LAHD to report to the Mayor and City Council on any eligible funding substitution made as a result of the authority provided in this report; and,

K. AUTHORIZE the General Manager of LAHD, or designee, to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

BACKGROUND

The Los Angeles County Affordable Housing Solutions Agency (LACAHSA) uses Measure A funding to help cities create and preserve affordable housing. A portion of this funding for Fiscal Years 2025–26 is set aside specifically to preserve existing affordable homes. This report identifies eight affordable housing projects in Los Angeles facing urgent financial trouble or the risk of foreclosure, and it requests the authority to use these funds to save them.

Funding Source and Disbursement Authority

On February 9, 2026, the City set aside $17,371,673 in LACAHSA funds that are eligible to be directed towards Asset Protection, via the FY 2025-26 Expenditure Plan, under C.F. No. 25-0400. Additional funds for Asset Protection were allocated via the FY 2026-27 Expenditure Plan (C.F. No. 25-0400-S1) - LAHD will request authority to obligate the FY 2026-27 funds in a subsequent transmittal. The FY 2025-26 funds sit in Fund 69A (the PPO Flexible account), which is dedicated to keeping housing affordable. Because LACAHSA has strict rules on how it tracks money, the funds will stay in this existing account without creating new ones. To use these funds, LAHD needs formal Council approval for spending and disbursement authority. Recommendation I obligates $14,042,247 from Account 43CD66 to all eight projects identified in Table 1.

Substitution of Funding Source

LACAHSA Eligible Jurisdiction funds identified in this transmittal are released to the City according to a reimbursement and advance-payment schedule set by LACAHSA. Several of the projects in this transmittal, however, face foreclosure actions and loan maturity deadlines that cannot be extended. Circumstances that may require a substitution include a delay in the release of LACAHSA funds at the time a closing must occur, a determination by LACAHSA that a particular cost is not an eligible use of its funds, or a reduction in the LACAHSA funds available to the City. In any of these cases, Recommendation G would allow the General Manager of LAHD, or designee, to replace the LACAHSA funds with any other eligible funding source so that the transaction can proceed and the property is not lost.

A funding source will be considered eligible for substitution only if the funds have already been approved by the Mayor and City Council through an adopted expenditure plan that allocates them to affordable housing preservation, and only if the proposed use is permitted under the regulations governing that source. Under this standard Measure ULA funds would likewise be an eligible source once an expenditure plan allocating those funds to ULA preservation programs has been approved, and only where the project meets the requirements of the applicable ULA program guidelines. Other LAHD funding sources would be evaluated under the same standard. Funds that have not been allocated to preservation through an approved expenditure plan, including General Funds, would not be used.

Any substitution would be made only for the projects identified in this transmittal, on the same terms. A substitution changes only the source of payment and does not increase the total assistance approved through this transmittal. LAHD will report any substitution to the Mayor and City Council as directed in Recommendation J.

Expenditure of Unobligated LACAHSA Funds

The City has set aside $17,371,673 for FY 2025-26 in Account 43CD66 in LACAHSA Eligible Jurisdiction funds within the PPO Flexible account in LACAHSA Fund No. 69A. The Controller instructions in Recommendation I obligate $14,042,247 of these funds from Account 43CD66 to all eight projects identified in Table 1. After these obligations, $3,329,426 remains in Account 43CD66.

Emergency Disbursements

The authorities requested in this transmittal allow LAHD to act on short notice when a project is at immediate risk. Under Recommendation C, LAHD may make protective advances, pay off or purchase senior debt, pay delinquent property taxes and other sums due, fund emergency life-safety repairs, operating expenses, and capital improvements, and provide relocation assistance, within the amounts authorized in this transmittal. These actions must often be taken within days to stop a foreclosure sale, cure a senior loan default, or correct a life- safety

condition, and returning to the Mayor and City Council before each action would defeat its purpose.

Eligible Uses of Funds

These funds can be used for costs required to finalize and secure the loans, such as title reports, lender insurance, escrow fees, and related closing costs.

Projects Proposed for Funding

The eight projects in this request include 441 affordable homes spread across five Council Districts, with many funded by older City loans dating back to 1990. These properties face severe financial problems caused by a combination of pandemic-era rent caps, rising maintenance and insurance costs, maturing private bank loans, and legal or bankruptcy issues facing property owners. Without help, many of these buildings could fall into foreclosure.

The City currently has $37.2 million in principal only invested across these properties. The requested assistance totals approximately $14 million for the eight (8) projects receiving funds, an average of approximately $1.76 million per project, or roughly $30,862 per unit across their 455 units. This investment allows LAHD to provide targeted assistance to prevent foreclosures and safeguard the much larger investment already made.

TABLE 1: PROJECT OVERVIEW

#	**Project Name**	**Project Address**	**Council District**	**Borrower Name**	**Total Units**	**Affordable Units**	**AMI Levels**
1	Broadway Village I	7800 S Broadway	**9**	Deep Green Housing	16	7	35%-50%
2	Broadway Village II	5101 S Broadway	**9**	Deep Green Housing	50	49	50%
3	Central City Apartments	1315 W James M. Wood Blvd; 1810 W 12th St; 746 S Lake St	**1**	Phoenix Realty Group	63	61	50%
4	Eastside Village Family Housing	2250 E 111th St	**15**	Phoenix Realty Group	79	78	50%
5	Pascual Reyes Apartments	1413 W Connecticut St	**1**	Pico Union Housing Corp.	13	13	60%
6	The Brine Residential	3012, 3016, 3018, 3024, 3030 N North Main St; 1829 N Hancock St	**14**	Brine Residential, L.P. (Decro)	97	96	30%-60%
7	FAME Gardens	3730 W. 27th St	**10**	FAME Gardens L.P.	81	81	120%
8	FAME Manor	3210 W. Adams Blvd	**10**	FAME Manor L.P.	56	56	35%-60%
				Total	**455**	**441**	

TABLE 2: CURRENT AND PROPOSED FUNDING AMOUNTS FOR PROJECTS

#	**Project Name**	**Project Address**	**Current LAHD Outstanding Principal Only Loan Amount**	**Proposed Funding Amount**	**Total Investment**
1	Broadway Village I	7800 S Broadway	$524,985	$700,000	$3,740,789
2	Broadway Village II	5101 S Broadway	$1,987,378 $528,426		
3	Central City Apartments	1315 W James M. Wood Blvd; 1810 W 12th St; 746 S Lake St	$4,468,795	$4,461,412	$8,930,207
4	Eastside Village Family Housing	2250 E 111th St	$4,000,000	$3,809,835	$7,809,835
5	Pascual Reyes Apartments	1413 W Connecticut St	$1,615,000	$467,500	$2,082,500
6	The Brine Residential	3012, 3016, 3018, 3024, 3030 N North Main St; 1829 N Hancock St	$11,560,000 $1,880,000	$2,086,376	$15,526,376
7	FAME Gardens	3730 W. 27th St	$7,810,745.03	$1,360,512	$9,171,257
8	FAME Manor	3210 W. Adams Blvd	$2,806,913.33	$1,156,612	$3,963,525
	TOTALS		**$37,182,242**	**$14,042,247**	**$51,224,489**

Table 3: PROPOSED NEW TERM FOR PROJECT LOAN AGREEMENTS

#	**Project Name**	**Project Address**	**Proposed New Loan Term**
1	Broadway Village I	7800 S Broadway	Assume and combine existing loans for BV I and BV II. A new 57 year residual receipts loan @ 3% simple interest in the amount of $688,000 (not to exceed $700,000).
2	Broadway Village II	5101 S Broadway	Combined with BV I @ 5.52% Applicable Federal Rate (AFR).
3	Central City Apartments	1315 W James M. Wood Blvd, 1810 W 12th St, 746 S Lake St	2 years + one 1-year extension option (interest-only, 3%)
4	Eastside Village Family Housing	2250 E 111th St	2 years + one 1-year extension option (bridge, 3%)
5	Pascual Reyes Apartments	1413 W Connecticut St	10 years, amortized over 30 years (3%)
6	The Brine Residential	3012, 3016, 3018, 3024, 3030 N North Main St, 1829 N Hancock St	52 year residual receipts loan @ 3% interest, maturing 10/27/2078
7	FAME Gardens	3730 W. 27th St	10 years, amortized over 30 years (3%)
8	FAME Manor	3210 W. Adams Blvd	10 years, amortized over 30 years (3%)

Table 4: PROPOSED REGULATORY AGREEMENT TERMS

#	**Project Name**	**Project Address**	**Current Regulatory Agreement Expiration Date**	**Proposed Extension Term**	**Proposed Regulatory Agreement Expiration Date**
1	Broadway Village I	7800 S Broadway	12/23/2052	55 years	55 years from date of origination
2	Broadway Village II	5101 S Broadway	09/22/2058 & 01/19/2062	55 years Increase AMI of 10 units to 60%	55 years from date of origination
3	Central City Apartments	1315 W James M. Wood Blvd, 1810 W 12th St, 746 S Lake St	6/30/2049	55 years	55 years from date of origination
4	Eastside Village Family Housing	2250 E 111th St	3/25/2059	55 years	55 years from date of origination
5	Pascual Reyes Apartments	1413 W Connecticut St	1/25/2061	55 years	55 years from date of origination
6	The Brine Residential	3012, 3016, 3018, 3024, 3030 North Main St, 1829 N Hancock St	9/19/2078	55 years	55 years from date of origination
7	FAME Gardens	3730 W. 27th St	8/6/2048	55 years	55 years from date of origination
8	FAME Manor	3210 W. Adams Blvd	8/29/2036	55 years	55 years from date of origination

Sole Source Justification

City rules usually require open bidding for contracts. However, City Charter Section 371 allows exceptions when quick action or specific choices are necessary.

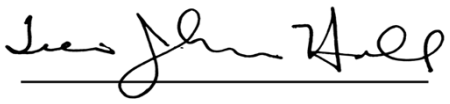
Section 371(e)(5) allows direct contracting without normal bidding during emergencies to protect life, health, or property. This rule applies to urgent repairs in this report, like fixing roofs, plumbing, and fire safety systems at sites like FAME Gardens, and FAME Manor. Delaying these repairs for a long bidding process would endanger residents or leave them without safe housing.

Section 371(e)(10) allows direct contracting when standard bidding is impractical or impossible. This applies to paying off senior loans, covering emergency costs, and providing relocation help. The properties listed are already in the City's housing portfolio, and LAHD has already reviewed their specific financial needs. Because this helps to protect existing City investments in specific buildings, a general competitive bidding process would not solve these urgent, individual property needs fast enough.

FISCAL IMPACT

There is no impact to the General Fund.

Approved by:



TIENA JOHNSON HALL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

Project Summary - Broadway Village I & II
Project Summary - Central City Apartments
Project Summary - Eastside Village
Project Summary - Pascual Reyes
Project Summary - FAME
Project Summary - The Brine Residential

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

FAME (Gardens and Manor)

Actions to be taken:

(1) FAME Gardens: (a) New LACAHSA Funds loan in the amount of $1,360,512 with a 10-year term to pay off the senior Citibank/Berkadia Note and to fund emergency and safety improvements; and (b) A new 55 year regulatory agreement set to expire in 2081.

(2) FAME Manor: (a) New LACAHSA Funds loan in the amount of $1,156,612 with a 10-year term to pay off the senior Citibank/Berkadia Note and to fund emergency and safety improvements; and (b) A new 55 year regulatory agreement set to expire in 2081.

The FAME Gardens and FAME Manor projects are held by FAME Housing Corporation as a 1% General Partner. These are two properties totaling 137 affordable units.

FAME Gardens, at 3730 W. 27th Street in Council District 10, is an 81-unit property built in 1993. 100 percent of the units are restricted at 80 and 120 percent AMI. The LAHD loan carries an outstanding principal loan balance of $7,810,745.03 plus unpaid accrued interest of $7,125,993.76. The loan maturity date and the regulatory agreement termination date is August 9, 2048. FAME Manor, at 3210 W. Adams Boulevard in Council District 10, consists of four buildings containing 56 units at AMI levels ranging from 35 to 60 percent. The LAHD loan carries an outstanding principal loan balance of $2,806,913.33 plus unpaid accrued interest of $5,199,768.88. The loan matures on August 26, 2036. The affordability restrictions expire on August 29, 2036.

For the past 18 months, LAHD has worked with the borrower on both properties as troubled assets burdened by negative cash flow and deferred maintenance. FAME Housing Corporation filed for Chapter 7 bankruptcy protection on May 1, 2024.

For these projects, LAHD requests authority to provide new ten-year loans in an amount not to exceed, $1,360,512 for FAME Gardens, and $1,156,612 for Fame Manor totaling $2,517,124 from the LACAHSA PPO Flexible account to pay off various senior notes at a fixed interest rate of 3 percent, and to fund emergency life and safety improvements across both properties.

For the FAME Gardens project, the request is to either purchase or pay off the senior Citibank / Berkadia debt to permanently avert foreclosure in an amount not to exceed $1,360,512. This senior loan had a maturity date of 9/1/2026. Additionally, LAHD requests authorization for a new Regulatory Agreement to have the affordability restrictions on the property for 55 years. Other allowable expenses include emergency life safety capital improvements for an urgent roof replacement, repairs to three elevators, upgrades to the fire sprinkler system, plumbing excavation & main line restructure, fire panel replacement & system repair, HVAC replacement, and parking garage emergency backup lighting.

For the FAME Manor project, the request is to either purchase or pay off the senior Citibank / Berkadia debt to permanently avert foreclosure in an amount not to exceed $1,156,612. This senior loan had a maturity date of 9/1/2026. Additionally, LAHD requests authorization for a new Regulatory Agreement to have the affordability restrictions on the property for 55 years. The balance of the City's LACAHSA funding would pay for emergency life safety capital improvements for an urgent roof replacement, repairs to two elevators, upgrades to the fire sprinkler system, fire panel replacement & system repair, HVAC replacement, balcony restructure, and parking garage emergency backup lighting.

This interim stabilization provides the necessary runway while the team finalizes a comprehensive refinancing framework for the mature debt stack for FAME Gardens and FAME Manor. This action will eliminate the imminent foreclosure actions, preserve 137 affordable units, and protect approximately $10.6 million in City loan receivables.

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

Pascual Reyes Apartments.

Action to be taken: (a) New LACAHSA Funds loan in the amount of $467,500 in order to pay off the Citibank/Berkadia senior note with a 10-year term; and (b) A new 55 year regulatory agreement set to expire in 2081.

Pascual Reyes Apartments is a 13-unit townhome style project for large families located at 1413 W. Connecticut Street in Council District 1. The project is100 percent affordable at 60 percent of AMI. Pascual Reyes Apartments, L.P. was formed in April 2004 to acquire, construct, and operate the project. Pico Union Housing Corporation (PUHC) serves as general partner with a 0.01 percent interest, and Miramar Apartments holds the 99.99 percent limited partner interest. The project sits on a 55-year City ground lease with a right to extend for one additional 40-year period. LAHD holds a junior loan (Loan No. CRA872501-002) with an outstanding principal balance of $1,615,000 and accrued interest of $839,390.48, for a total investment of approximately $2.45 million. The loan matures on January 25, 2061, and the regulatory agreement expires on the same date.

The senior Citibank / Berkadia loan, with an estimated balance of $425,000, matured on February 1, 2026 and is in default, accruing default interest and exposing the project to an imminent foreclosure action, even though PUHC has maintained the senior loan payments and the property performs well, with debt service coverage ratio (DSCR)of approximately 3.85x. Because the City owns the land and PUHC holds a leasehold interest only, private refinancing has been difficult, and Citibank has noted that the loan size itself presented a refinancing challenge. PUHC separately filed for Chapter 11 bankruptcy protection on March 12, 2026 amid organization-wide litigation. Retiring the matured senior debt before the lender initiates foreclosure is the key deadline to save the asset.

For this project, LAHD requests authority to provide a 10-year loan in an amount not to exceed $467,500 from the LACAHSA PPO Flexible account to retire the Citibank/Berkadia senior debt at a fixed interest rate of 3 percent, with repayment of principal plus interest amortized over 30 years. Additionally, LAHD requests authorization for a new Regulatory Agreement to have the affordability restrictions on the property for 55 years. This action will prevent foreclosure by the senior lender, ensure repayment of the City's loan, and preserve 13 affordable units.

LAHD will be the senior lender upon approval and pay off the Citibank/Berkadia loan. The City owns the land. The project is situated on a ground lease with the City for 55 years (the “Initial Term”) with a right to extend the Initial Term for one (1) additional forty (40) year period. A review of the preceding three annual financial statements provided showed positive Net Operating Income (NOI) increasing year over year (YOY) with a 20% increase between FY 2024 and FY 2025. Based on the FYE 2025 NOI of $82,021 against the proposed annual Debt Service (DS) of $21,300, the DSCR is 3.85x. LAHD completed an exterior site visit of the property on 5/6/2026. The property’s exterior appeared clean with no deferred maintenance noted. With the addition of the

$467,500 request, the total estimated City debt on the subject property amounts to $2,921,890.48 including unpaid accrued interest.

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

Eastside Village Family Housing.

Action to be taken: (a) New LACAHSA Funds loan in the amount of $3,809,835 in order to purchase/pay off the Fannie Mae senior note with a two-year term and a one-year option extension; and (b) A new 55 year regulatory agreement set to expire in 2081.

Eastside Village Family Housing is a 79-unit affordable housing project, of which 78 units are restricted. The project is located at 2250 E. 111th Street in Council District 15. The project was developed in 2004 under the Low Income Housing Tax Credit program, and Phoenix Realty Group (PRG) has been an ownership partner since that time, committing operating cash flow to the property with no distributions to ownership, advancing $414,091 in general partner advances, and accruing more than $170,000 in deferred and unpaid fees. LAHD holds a residual receipts loan (Loan No. CRA872400-002) with an outstanding principal balance of $4,000,000 and accrued interest of $2,756,593.39, for a total investment of approximately $6.76 million at 3 percent interest. The loan matures on March 21, 2038, and the regulatory agreement expires on March 25, 2059.

The property's financial stress began during the COVID pandemic, when rent increases were capped, evictions were prohibited for more than three years, general liability insurance premiums rose approximately 200 percent, and tenant arrears accumulated with uncertain collectability, thus exhausting reserves. The debt service coverage ratio fell below 1.0x, producing negative cash flow of $36,147 in 2025, and the property has accrued $77,755 in outstanding payables. The property is also navigating a habitability lawsuit (Lawrence Genyard vs Eastside Villas (22STCV26485). A motion filed on 3/25/2026 seeks approximately $1.4 million in attorney fees, and the unresolved litigation creates practical challenges for both a sale and a refinance. The senior Fannie Mae debt of approximately $2.55 million matured on April 1, 2026. Fannie Mae provided a short forbearance through May 1, 2026. The borrower was notified on 4/30/2026 that Fannie Mae had denied the 90-day forbearance request and the matter was transferred to Fannie Mae's Special Servicer Group to proceed with non-juridical foreclosure. On 7/15/2026, Fannie Mae sent a Notice of Loan Default due to a maturity default. Fannie Mae may be willing to enter into a forbearance agreement with the borrower, if the City approves a purchase or pay-off of its note. As the property faces an imminent foreclosure action by the senior lender, this jeopardizes LAHD's subordinate debt position and willeliminate the affordability covenants. Residents will likely be displaced. Averting that foreclosure is the key deadline to save the project.

There was no independent appraisal. However, the property has an assessed value of $9,272,203 per the Los Angeles County Assessor's website at FY 2025. LAHD has a junior lien on the subject property with an estimated outstanding balance at FYE 2025 totaling $6,756,593. With the addition of the LACAHSA Funds request, the total estimated City debt on the subject property amounts to $10,566,428, representing an estimated Loan-to-value (LTV) of 114% against the assessor's valuation. The LTV excluding the $2,756,593.39 unpaid accrued interest is estimated at 84%, which is higher than the normal 70% LTV LAHD looks for.

For this project, LAHD requests authority to provide a two-year bridge financing loan with an option for a one-year extension in an amount not to exceed $3,809,835 from the LACAHSA PPO Flexible account to purchase or pay off the Fannie Mae note at a fixed interest rate of 3 percent, with monthly payments of accrued interest, and an option for a one-year extension. Additionally, LAHD requests authorization for a new Regulatory Agreement to have the affordability restrictions on the property for 55 years. This action will prevent a third-party foreclosure, preserve 78 affordable units and protect the City's existing $6.7 million loan.

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

The Brine Residential.

Action to be taken: (a) New LACAHSA Funds residual receipts loan in the amount not to exceed $2,086,376 as protective advances; (b) The loan will be structured with a 3% interest to mature on 10/27/2078 (52 years, same maturity date as the $11,560,000 Proposition HHH loan); (c) A new 55-year regulatory agreement set to expire in 2081.

The Brine Residential project is a 97-unit new construction permanent supportive housing project, comprising 96 restricted covenant units and one manager's unit, located at 3012 through 3030 N. North Main Street and 1829 N. Hancock Street in Council District 14, with affordability levels ranging from 30 to 60 percent of AMI. The borrower is Brine Residential, L.P., with Decro Corporation as the nonprofit entity. The project was awarded funding through the City's Proposition HHH 2018 Call for Projects. LAHD executed an $11,560,000 Proposition HHH loan agreement on October 27, 2021 (City Contract No. C-139309) and a $1,880,000 Fast Track HOME loan agreement on December 19, 2023 (City Contract No. C-144778, Council File No. 23-0206), for a combined investment of approximately $13.44 million, including unpaid accrued interest. The HHH loan matures on October 27, 2078, the HOME loan matures on December 15, 2080, and the regulatory agreement expires on September 19, 2078. The loans have not reached permanent conversion.

The project, during the construction phase, has fallen into acute financial distress through a series of compounding defaults. The senior construction lender, Citibank, recorded a Notice of Default on May 11, 2026 after the partnership failed to repay the matured principal balance of $26,072,770 that came due on February 2, 2026. Additionally, the Los Angeles County Development Authority found that loan proceeds designated for residential construction were improperly used to fund the commercial portion of the development. Citibank subsequently filed a Notice of Trustee's Sale on October 16, 2026—scheduling the sale for November 18, 2026, at 11:00 AM citing an estimated opening bid and debt obligation of $35,383,881.67 on the property at 3016 N. Main Street, Los Angeles, CA (APNs: 5210-024-001 through 006). This action was primarily triggered by defaults in construction loan interest payments, as disputes over cost overruns from project delays prolonged mediations between the General Partner and the Investor. These delays pushed Citibank to pursue the sale.

For this project, LAHD requests authority to disburse up to $2,086,376 in LACAHSA PPO Flexible funds as protective advances paid directly to Citibank/Berkadia to cover construction interest in arrears and debt service, serving as backstop asset protection to halt the pending trustee sale. Disbursement of the funds will occur at permanent loan conversion and will be contingent upon the borrower bringing the project into compliance with the Los Angeles County Development Authority. The funds will be structured as a 52-year residual receipts loan in the amount not to exceed $2,086,376 at a 3% interest to mature on 10/27/2078 (52 years, same maturity date as the $11,560,000 Proposition HHH loan). Additionally, LAHD requests authorization to execute a new Regulatory Agreement to secure 55 years of affordability restrictions on the property.

Having authority to deploy the funds is critical to halt the trustee sale. Failing to intervene will lead to tenant displacement, the loss of 96 permanent supportive housing units, and the complete erasure of the City's $13.44 million subordinate debt investment and long-term affordability covenants.

The total debt (both public and private) on the subject project amounts to $59,357,770: (1) Citibank $4,775,000 (Taxable); (2) Citibank $30,572,770 (Tax Exempt); (3) LACDA $10,570,000; and (4) LAHD $13,440,000. The project was appraised with an As-Is Market Value on 2/22/2025 at $20,825,000. The combined loan-to-value (CLTV) is 285%. The CLTV including the additional LACAHSA PPO Flexible funds is 295%.

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

Broadway Village I & II.

Action to be taken: (a) New consolidated scattered site City Loan Agreement combining Broadway Village I City Loan and Broadway Village II City Loan; (b) New LACAHSA Funds loan in the amount of $700,000 in order to fund LAHD-approved capital expenditures and operating expenses; (c) New 55 year regulatory agreements set to expire in 2081; and (d) Amended regulatory agreement terms to align rent limits with the TCAC award, not to exceed 60% AMI, and to allow for supportive services costs.

Broadway Village I and Broadway Village II are two adjacent affordable housing developments located at 7800 S. Broadway (16 units) and 5101 S. Broadway (50 units) in Council District 9, comprising 66 units, including two exempt manager's units. LAHD's regulatory agreements restrict 35 HOME-assisted units (8 at Broadway Village I and 27 at Broadway Village II) at 35 to 50 percent AMI, and for Broadway Village II 49 CRA-assisted units to 50% and 35% AMI, alongside regulatory agreements held by the California Department of Housing and Community Development (HCD), the Los Angeles County Development Authority (LACDA), and CTCAC. LAHD holds three loan positions with a combined outstanding principal balance of $3,040,789 and accrued unpaid interest of approximately $4.43 million at 5.08 percent compounding interest: (1) a Broadway Village I loan of $524,985 in principal plus $470,905 in unpaid accrued interest; (2) a Broadway Village II loan of $1,987,378 in principal plus $3,690,132 in unpaid accrued interest in first lien priority; and (3) two former Community Redevelopment Agency (CRA/LA) loans on Broadway Village II totaling $528,426 in principal plus $269,386 in unpaid accrued interest. Under the current ownership of Deep Green, poor management practices prompted a Notice of Default and Reservation of Rights to be issued for Broadway Village II following failures to meet operating and maintenance standards. To cure and settle the default, the lender accessed the property's replacement reserves, leaving them virtually exhausted. Consequently, the property lacks the funds required for necessary repairs to achieve unit compliance, prepare units for occupancy, and maintain a safe, proper standard of living. Furthermore, an independent Notice of Default has been recorded against the senior mortgage of Broadway Village I, creating an urgent risk of a Notice of Trustee's Sale. Alliance Property Group, Inc. (APG) has submitted a comprehensive stabilization plan under which a newly created entity, Broadway Villages Preservation, LP, will acquire both properties. As part of this strategy, APG is requesting $700,000 in funding as part of a joint $1.6 million request to LAHD, HCD, and LACDA. These resources will be utilized to sustain daily operations and execute essential stabilization efforts, including addressing life-safety concerns, resolving code violations, and preparing vacant units for occupancy to ensure long-term stability and position the portfolio for future resyndication. There was no appraisal completed. However, Broadway Village has an assessed value totaling $2,530,154 and Broadway Village II has an assessed value of $7,005,872 per the Los Angeles County Assessor's website at FY 2025.

For these projects, LAHD requests authority to (1) approve the assignment and assumption of its existing loans by the new ownership entity, including unpaid accrued interest of $3,717,291 on the Broadway Village II loan, and unpaid accrued interest of $470,905 on the Broadway Village I loan; (2) consolidate the Broadway Village I

and Broadway Village II regulatory agreements into a single LAHD regulatory agreement covering both sites and to combine the projects' revenues, expenses, and loan obligations; (3) negotiate and execute an amended regulatory agreement with Broadway Village GP LLC, subject to the review and approval of the City Attorney as to form, to: (i) modify the rent limits to align with the TCAC award, to an amount that does not exceed 60% AMI (HUD), for up to 6 units at Broadway Village I and up to 13 units at Broadway Village II; (ii) extend the term of the regulatory agreement to mature on or after 2081; (iii) modify definitions to allow for supportive services costs and related items; and (iv) make other technical adjustments to the regulatory agreement; (4) replace the existing 5.08 percent compounding interest rate on the assumed LAHD debt with an AFR-based rate; (5) to provide a 57 year new residual receipts loan @ 3% simple interest in the amount of $688,000 (not to exceed $700,000) from the LACAHSA Production, Preservation, and Ownership Flexible (PPO Flexible) account. (6) LAHD requests authorization for a new Regulatory Agreement to have the affordability restrictions on the property for 55 years. This action will stop the Trustee Sale, preserve 56 affordable units, and protect the City's $3 million investment.

Change in the Rent AMI

Upon completion of the renovations, existing tenants may return to their units at the rents in effect prior to their temporary relocation. Thereafter, any rent increases will remain subject to the applicable rent increase policy. LAHD will follow the most stringent rent restrictions applicable. Upon unit turnover, the Sponsor may lease the unit to a new income-qualified household at the applicable 60% AMI rent level. There are currently vacant units for which the Sponsor is seeking to charge rents at the higher 60% AMI level.

There is no hard debt on this project. However, with the anticipated pay off of the senior San Jose Housing and Land Investor’s loan in the amount of $207,395, LAHD will be the senior lender. This action will help to protect the City's approximately $8.1 million investment.

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PROJECT SUMMARY AND REQUESTED USE OF FUNDS

Central City Apartments.

Actions to be taken: (a) New LACAHSA Funds loan in the amount of $4,461,412 with a two-year term and a one-year option extension; (b) A new 55 year regulatory agreement set to expire in 2081 and (c) Amended and Restated existing City Loan Agreement to reduce the interest rate.

Central City Apartments is a 63-unit affordable housing project, of which 61 units are restricted. The scattered site properties are located at 1315 W. James M. Wood Boulevard, 1810 W. 12th Street, and 746 S. Lake Street in Council District 1. Phoenix Realty Group (PRG) has been an ownership partner since 2004, when the three buildings were converted from market-rate housing to income-restricted affordable housing, with Greater Bethany Economic Development Corporation serving as managing general partner. LAHD holds a residual receipts loan (Loan No. 980220-002) with an outstanding principal balance of $4,468,795 and unpaid accrued interest of $4,996,011.03, for a total investment of approximately $9.46 million at 5 percent interest. The loan matures on May 27, 2039, and the regulatory agreement restricting the units expires on June 30, 2049.

The property's finances have deteriorated in recent years due to factors largely outside of ownership's control. The City's Rent Stabilization Ordinance prohibited rent increases for nearly four years, from March 2020 through January 2024, while operating expenses grew approximately 35 percent over the same period; since 2024, annual increases have been capped at 4 percent against expense growth of roughly 7 percent per year. As a direct result, the debt service coverage ratio fell to 0.70x, the property generated negative cash flow of $194,783 in 2025, and approximately $360,000 in payables has accrued to vendors and the management company. A sale was pursued over the past year without success. The senior lender, Hanmi Bank, holds two bond debts with a combined balance of approximately $3.2 million. Hanmi Bank has informed LAHD that there is a potential buyer in line for the two bond notes should debt service payment become delinquent. The potential buyer will purchase the two bond debts. The property faces an imminent foreclosure action by the potential buyer, which would jeopardize LAHD's subordinate debt position, eliminate the affordability covenants, and displace the residents. Averting that foreclosure is the key deadline to save the asset.

LAHD will be the senior lender upon purchase or pay off of the subject senior loan. The three properties have an assessed value totaling $2,517,545 per the Los Angeles County Assessor’s website at FY 2025. The three buildings were built in 1910, 1924, and 1927, respectively. An LAHD inspection of the project was completed on 4/14/2026 and confirmed that all three properties appear to be in good condition. With the addition of the $4,461,412 LACAHSA Funds City loan, the total estimated debt on the subject properties amounts to $13,926,218, including unpaid accrued interest. Existing AMI levels will not change.

For this project, LAHD requests authority to (1) provide a loan in an amount not to exceed $4,461,412 from the LACAHSA PPO Flexible account to retire the two Hanmi Bank bond debts, to be repaid by monthly interest-only payments at a fixed rate of 3 percent for a two-year term with an option for a one-year extension; (2) A new

55-year regulatory agreement to mature in 2081 (3) reduce the interest rate on the existing LAHD residual receipts loan from 5 percent to 3 percent; All loan proceeds will have priority of repayment. This action will stop the foreclosure, preserve 61 affordable units, and protect the City's $13.9 million investment.