

Bill Uphoff, Chair  
Mark Waronek, Vice-Chair  
James Gazeley, Commissioner  
Rosemary Hart, Commissioner  
Judi Larson, Commissioner  
Cindy Segawa, Commissioner  
Barry Waite, Commissioner



LOMITA CITY HALL  
COUNCIL CHAMBERS  
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Next Resolution No. HA 2024-01

**AGENDA**  
**SPECIAL MEETING**  
**LOMITA HOUSING AUTHORITY**  
**TUESDAY, JANUARY 16, 2024**  
**5:30 P.M.**

THE HOUSING AUTHORITY HAS RESUMED PUBLIC MEETINGS IN THE COUNCIL CHAMBERS. AS A COURTESY, THE CITY WILL ATTEMPT TO ALSO ALLOW VIRTUAL PUBLIC PARTICIPATION DURING THE MEETING. THE HOUSING AUTHORITY MAY SUSPEND PUBLIC PARTICIPATION VIA ZOOM AT ANY TIME, AND THE MEETING WILL NOT BE CANCELLED NOR SUSPENDED IF TECHNICAL ISSUES PRECLUDE OR IMPACT THE ABILITY TO ACCEPT PUBLIC COMMENT OVER ZOOM. SHOULD YOU WISH TO ENSURE YOU CAN PARTICIPATE IN THIS MEETING, OR COMMENT ON AN ITEM ON THE AGENDA, YOU MUST SHOW UP IN PERSON AT THE MEETING.

To participate in the meeting via a computer or smart device log in to Zoom at the following link:

<https://us02web.zoom.us/j/89686247827>

Telephone Option: (669) 900-6833 Meeting ID: 896 8624 7827

If you wish to provide public comment during oral communications or for a particular agenda item, you may either contact the City Clerk's Office before the meeting, at 310-325-7110 ext. 141, complete a speaker card and give it to the City Clerk or if participating via Zoom utilize the "raise hand" function to join the queue to speak when the Mayor calls the item for discussion. Your name and city of residence is requested, but not required.

**1. OPENING CEREMONIES**

- a. Call Meeting to Order
- b. Roll Call

**2. ORAL COMMUNICATIONS**

Persons wishing to speak on Consent Agenda items or subjects other than those scheduled are requested to do so at this time. In order to conduct a timely meeting, a three (3) minute time limit per person has been established. Government Code Section 54954.2 prohibits the Commissioners from taking action or engaging in discussion on a specific item unless it appears on a posted agenda.

**3. CONSENT AGENDA**

None scheduled.

**4. SCHEDULED ITEMS**

**a. DISCUSSION AND CONSIDERATION OF A RENTAL ASSISTANCE DEMONSTRATION PROGRAM (RAD) OR SIMILAR HUD CONVERSION PROGRAM AT LOMITA MANOR**

Presented by Gary Sugano, Deputy Executive Director

**RECOMMENDED ACTION:** Authorize the Executive Director or designee to negotiate and expand agreements with HumanGood and associated partners to facilitate a RAD Repositioning of Lomita Manor (RAD/Section 18 Blend) and authorize submittal of a RAD application to HUD.

**5. PUBLIC HEARINGS**

None scheduled.


**6. ADJOURNMENT**

*Written materials distributed to the City Council within 72 hours of the City Council meeting are available for public inspection via the City's website and copies are available for public inspection beginning the next regular business day in the City Clerk's Office, 24300 Narbonne Avenue, Lomita.*

*In compliance with the Americans with Disabilities Act (ADA) if you need special assistance to participate in this meeting, please contact the office of the City Clerk at (310) 325-7110. Notification at least forty-eight (48) hours prior to the meeting will enable the City to make reasonable arrangements.*

*I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted not less than 72 hours prior to the meeting at the following locations: Lomita City Hall, Lomita Park, and uploaded to the City of Lomita website at <https://lomitacity.com/agendas-minutes/>.*

Date Posted: January 12, 2024

  
Kathleen Horn Gregory, MMC, City Clerk



## LOMITA HOUSING AUTHORITY REPORT

**TO:** Board of Commissioners **Item No. SCH 4a**

**FROM:** Joe Hoefgen, Interim Executive Director

**PREPARED BY:** Gary Sugano, Deputy Executive Director

**MEETING DATE:** January 16, 2024

**SUBJECT:** Discussion and Consideration of a Rental Assistance Demonstration Program (RAD) or Similar HUD Conversion Program at Lomita Manor

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### **RECOMMENDATION**

Authorize the Executive Director or designee to negotiate and expand agreements with HumanGood and associated partners to facilitate a RAD Repositioning of Lomita Manor (RAD/Section 18 Blend) and authorize submittal of a RAD application to HUD.

### **BACKGROUND**

On November 30, 2023, and September 18, 2023, the Finance Subcommittee consisting of then Chair Waite and Vice-Chair Uphoff met to discuss the merits of a RAD Repositioning at Lomita Manor.

On November 7, 2023, the Board received a presentation which provided an overview of a potential RAD repositioning which included a possible ownership scenario post RAD, a hypothetical financing structure (with 4% tax credits) and a review of the steps to complete the RAD process. After some discussion the Board continued the matter to tonight's meeting.

On September 6, 2022, the Board approved an agreement with HumanGood/Recap Advisors/Beacon to assist with a conduct Phase 1 (feasibility analysis) for a potential RAD repositioning at Lomita Manor.

On April 20, 2022, a Town Hall meeting was held with the Lomita Manor residents. The purpose of the Town Hall was to discuss the Annual Plan for the coming year. Part of that discussion included the possibility of RAD repositioning. Three questions were asked, however not directly related to the RAD repositioning (status of the elevators,

noise reduction related to the existing windows and whether or not HumanGood staff would be retained if a RAD repositioning were to take place).

In addition to the previously mentioned actions, the following table summarizes various milestones and resident outreach conducted relative to the proposed RAD Repositioning.

Date	Item	Action
3/7/23	Townhall Meeting at Lomita Manor	Met with Lomita Manor residents
3/7/23	Physical Needs Assessment (Capital) Inspection at Lomita Manor	Conducted by D3G
2/1/23	Agreement with D3G to complete Physical Needs Assessment at Lomita Manor	Agreement approved
11/14/22	Townhall meetings (2) with Lomita Manor residents to explain RAD process	Two meetings held that day
10/4/22	Established month-to-month operational management of Lomita Manor with HumanGood	To-date, month-to-month contract is in place
9/6/22	Agreement with HumanGood and Recap Advisors	Assist LHA with a RAD Repositioning feasibility study at Lomita Manor
4/21/22	Townhall Meeting at Lomita Manor	Met with Lomita Manor residents
8/17/21	Agreement with Michael Baker International	Preparation of a RFP to prepare a RAD feasibility study for Lomita Manor

From 1985 to 2011, the Housing Authority of the City of Lomita (Public Housing Agency CA139) contracted the managing and operating responsibility for the Lomita Manor Senior Development to the Housing Authority of the County of Los Angeles (HACoLA), and since 2011 has contracted with a private management company – currently HumanGood - to manage the facility.

In the early 1980s, the City and subsequent HA approved a series of actions to facilitate the development of Lomita Manor, a 78 unit senior housing project. This included the formation of the Lomita Housing Authority, obtaining the needed financing to construct the project and entering into a long-term operating agreement for Lomita Manor with Housing and Urban Development (HUD). The long-term HUD agreement provided the City’s Housing Authority with annual operating and capital funding in exchange for providing housing to qualifying low-income senior and handicapped individuals.

Lomita Manor is now 39 years old and has significant deferred maintenance related projects that will need to be addressed in the coming years. A Physical Needs Assessment (PNA) and energy audit conducted in 2015 identified almost \$3 million in needed improvements through 2034 (this does not include any aesthetic-related

upgrades or modernization projects at Lomita Manor). The annual funds received through HUD would not be adequate to complete these projects.

The primary goals/objectives of a RAD repositioning of Lomita Manor would be as follows:

Goals/Objectives with a RAD Repositioning

- **Addressing deferred maintenance at Lomita Manor**
  - The 2015 physical needs assessment concluded that there are over \$3 million in needed improvements over the long-term
  - Current HUD subsidy is inadequate to address needed repairs/upgrades
  - Very rough estimates include approximately \$115,000/unit in upgrades
  - Additional potential upgrades to common areas and exterior of the buildings/property
- **Reducing the administrative burden on the Lomita Housing Authority going forward**
  - Day-to-day management would be handled by HumanGood
  - The Lomita Housing Authority would have limited administrative functions going forward
- **Development of adjacent parcel(s) to provide for additional affordable housing and assist in meeting the City's RHNA allocations**
  - Any excess proceeds after addressing deferred maintenance and closing the RAD project deal may be allocated to new affordable housing development

HumanGood, our current operating manager for Lomita Manor, has indicated an interest in partnering with the Lomita Housing Authority for a Rental Assistance Demonstration (RAD) conversion at Lomita Manor and has gained the trust of our residents through their long-term management of the facility.

Findings from the 2023 Capital Needs Assessment (CNA)

As part of the RAD feasibility analysis, a capital needs assessment was conducted in 2023 by Dominion Due Diligence Group.

The analysis provided a detailed understanding of the current site condition, the condition of the long-lived building systems, and future capital requirements, for the purpose of underwriting or securing mortgage loans. The conclusions within the report were based upon a visual walk-through survey of the building(s) and grounds, research of readily available documents, and conversations with individuals who have knowledge of the property.

Property inspections were conducted including a minimum of 25% of the individual residential units. The report concluded that the property was in fair condition defined as *a component or system in working condition but may require immediate or short-term repairs substantially above an agreed upon threshold.*

The CNA identified 38 critical repair items totaling \$129,730 and 35 non-critical repair items totaling \$528,707. The CNA does not include costs associated with a full upgrade to all units, common areas and exterior building/open space areas.

### **R.A.D. (Rental Assistance Demonstration)**

The Rental Assistance Demonstration (RAD) program was authorized by Congress in 2012 to allow public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to Project-Based Vouchers (PBV) - Section 8 contracts. The primary benefit of RAD is that properties that convert under this process are no longer restricted from securing private sources of capital financing typically through obtaining/selling tax credits, etc. and the owners are therefore able to upgrade existing buildings and develop other properties from these proceeds. The RAD program could also facilitate the HA to develop an additional housing project on the HA-owned vacant land to the south of Lomita Manor.

If a RAD conversion is pursued and completed, existing tenants would see no difference in their rent subsidy as the qualifications under PBVs would remain identical to the current structure.

### **Recommended Option: RAD/Section 18 Blend**

Section 18 of the United States Housing Act of 1937 (USHA) provides that public housing agencies (PHAs) may demolish or dispose of public housing with approval from the Department of Housing and Urban Development (HUD).

The recommended option provides for a RAD/Section 18 blending scenario for small PHAs with 250 or fewer public housing units under which up to 80% of the PHA's units will be removed from public housing under the Section 18 Disposition program and up to 20% of the PHA's units will be removed from public housing under the RAD program. The RAD/Section 18 blend will preserve the Lomita Manor units as affordable housing into perpetuity under a Project-Based Voucher Section 8 HAP contract.

Under this type of conversion, the Housing Authority would partner with a tax credit investor and management partner to obtain various funding sources in order to complete much-needed upgrades to Lomita Manor. There would also be a transition of day-to-day management of Lomita Manor to HumanGood with residents being under PBVs (Section 8 contracts) going forward.

### **Conclusion**

Maintaining the status quo will simply kick the can down the road as the Lomita Housing Authority does not have the means based on existing annual capital funding revenue from HUD to address deferred maintenance/upgrading the units & property whose cost will run in the millions of dollars. The HA is currently addressing capital needs in a reactive manner as costly items break down and need repair/replacement. A RAD repositioning is the best option to tackle these capital improvements for the long-term health of Lomita Manor and its residents.

**OPTIONS:**

1. Move staff recommendation.
2. Maintain status quo. Receive and file the staff report.
3. Provide staff alternative direction.

**FISCAL IMPACT**

None at this time. As partner agreements are drafted, specific financial details will be finalized and presented to the Housing Authority Board for future consideration.

**ATTACHMENTS:**

None.

Prepared by:

*Gary Sugano*

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Gary Y. Sugano  
Deputy Executive Director

Approved by:

*Joe Hoefgen*

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Joe Hoefgen  
Interim Executive Director