



Approval of a Loan Amendment to Excelerate Housing Group for the Development of The 26 Point 2 Affordable Rental Housing Project

Long Beach Community Investment Company (LBCIC) Meeting

May 17, 2023

The LBCIC approved a Funding Award to Excelerate of up to \$4 Million for the Development of The 26 Point 2 project

- The funding award was for Low- and Moderate-Income Housing Asset Funds (LMIHAF) for the project located at 3590 E. Pacific Coast Highway.
- It will provide 76-units of permanent supportive housing for extremely low- and low-income individuals experiencing homeless, or who are at risk of homelessness.
- The project is currently under construction and is estimated to be completed early 2024.

Project Cost Increases

The project has experienced significant construction cost increases totaling \$2.86 million in hard and soft costs above contingencies.

- Remediation requirements related to three abandoned oil wells on the project site resulting in a cost increase of \$1.3 million above contingency; and
- Soft cost increases totaling \$1.5 million including \$1.2 million in additional construction loan interest (rates increased from 2.9% to approximately 7%) and a \$360,000 increase for oil well related design/engineering, monitoring, permitting and additional legal and financing costs.

LBCIC Loan Terms

- LBCIC disbursed \$3 Million at the start of construction and held \$1 Million as a contingency loan, to be disbursed if needed during construction.
- Excelerate was required to apply for, and was awarded, Federal Home Loan Bank of California Affordable Housing Program (AHP) funds to be used to repay the LBCIC at construction completion for any funds disbursed over \$3 million.
- Excelerate has identified additional permanent financing including \$1.1 million in additional investor equity from National Equity Fund, \$1.0 million from the County of Los Angeles, and increased deferred developer fee in the amount of \$260,000. These increases total \$2.36 million, leaving a remaining financial gap of \$500,000.
- Excelerate submitted a request for the LBCIC to disburse the \$1 million contingency loan to cover the remaining gap during construction, and a request to repay only \$500,000 at construction completion.

Recommended LBCIC Action

Approve an increase in the amount of \$500,000 in LMIHAF funds to Excelerate to amend the original loan for the development of the 26 Point 2 Project resulting in a \$3.5 million permanent loan; and

Authorize the President to negotiate and execute any and all documents necessary related to the Loan Amendment.



Thank you

Silvia Medina
Real Estate Project Coordinator