



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

FOR IMMEDIATE RELEASE

PR18:49

August 22, 2018

Contact: Press Office

news@sto.ca.gov

916-653-2995

Treasurer Chiang and Los Angeles City Attorney Save Threatened Housing for Half a Century

Seventy-eight families are winners in settlement guaranteeing homes at the San Regis apartment complex in Van Nuys will stay affordable for another 55 years

Sacramento – State Treasurer John Chiang and Los Angeles City Attorney Mike Feuer today announced the successful resolution of a dispute with the owners of a large Los Angeles apartment complex that sought to end affordable, below-market rentals for families living in 78 taxpayer-supported housing units.

“We fought for a year and a half and remained steadfast to keep these 78 homes affordable because we’re in the grip of a housing crisis and every affordable home counts,” said Treasurer Chiang. “We can’t afford to lose one, let alone 78 units. Keeping these apartments affordable represents a victory for the elderly, veterans, the disabled, and the working poor.”

Housing advocates and lawyers, as well as religious and neighborhood leaders, joined Treasurer Chiang and City Attorney Feuer in demanding that the apartment complex’s owners maintain the affordability of the 78 units.

City Attorney Feuer added, “The settlement reached between San Regis, the City, and the State shows how creative thinking can solve a problem in a way that benefits everyone. Now, without any further cost to city taxpayers, 78 units of greatly-needed affordable housing in the Valley will be preserved for decades longer than originally planned.”

In 2001, the owners of the San Regis apartment complex took \$23.6 million in tax-exempt bond proceeds from the state to acquire and rehabilitate the 390-unit facility located at 15454 Sherman Way in Van Nuys. In exchange for the public subsidy, the owners agreed to maintain 78 units as affordable housing for 55 years.

In 2005, the San Regis property was purchased by San Regis LLC, which included the Colorado Public Employees Retirement Association and the Utah State Retirement Investment Fund as investors. San Regis LLC filed a lawsuit in 2016 claiming that the earlier agreement with the city and treasurer’s office allowed them to convert the affordable housing

units to more costly, market-rate housing after just 15 years, or as soon as bonds used to finance the project were paid off.

Treasurer Chiang and the City of Los Angeles maintained the agreement, instead, mandated a 55-year affordability requirement. The settlement announced today provides for the refinancing of the existing bonds for the property, allows for the further rehabilitation of the project, establishes a new requirement that the units be kept affordable through the year 2073, and further ensures that 20 percent of any units built in the future be restricted to 50 percent of the area median income.

###