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CRA File No. 9319  
Council District: 4  
Contact Person: Neelura Bell  
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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on January 20, 2011 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

**Montecito Apartments.** Resolution approving application to California Debt Limit Allocation Committee and various actions relating to retention of bond counsel and fiscal agents—and issuance and sale of not-to-exceed \$8,200,000 of multifamily housing revenue bonds for the rehabilitation of Montecito Apartments, 6650 Franklin Avenue.

Hollywood Redevelopment Project Area  
HOLLYWOOD & CENTRAL REGION (CD 4)

**RECOMMENDATION**

That City Council approve(s) recommendation(s) one (1) through six (6) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The rehabilitation of the Montecito Apartment building is categorically exempt from provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15331 (Historical Resource Restoration/Rehabilitation) of the CRA.LA CEQA Guidelines.

**FISCAL IMPACT STATEMENT**

There is no negative impact on the City's General Fund.

Christine Essel, Chief Executive Officer



cc: Sharon Gin, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA  
Steve Ongele, Office of the Mayor  
Noreen Vincent, Office of the City Attorney  
Councilmember Tom LaBonge, CD 4



bcc: Ras Mallari  
Nenita Tan, Office of the City Controller  
Records (2 copies)  
Ed Young, Office of the City Attorney  
Neelura Bell, CRA/LA

MEMORANDUM



HW1150

**DATE:** JANUARY 20, 2011

**TO:** CRA/LA BOARD OF COMMISSIONERS

**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

**STAFF:** LESLIE LAMBERT, REGIONAL ADMINISTRATOR  
NEELURA BELL, PROJECT MANAGER  
MICHAEL MILLER, SENIOR FINANCE OFFICER

**SUBJECT:** **Montecito Apartments.** Resolution approving application to California Debt Limit Allocation Committee and various actions relating to retention of bond counsel and fiscal agents-and issuance and sale of not-to-exceed \$8,200,000 of multifamily housing revenue bonds for the rehabilitation of Montecito Apartments, 6650 Franklin Avenue.  
Hollywood Redevelopment Project Area  
**Hollywood & Central Region (CD 4)**

**RECOMMENDATION(S)**

That the CRA/LA Board of Commissioners, subject to City Council approval:

1. Adopt a Resolution approving an application to the California Debt Limit Allocation Committee ("CDLAC") and affirming the intent of the CRA/LA to issue tax-exempt multifamily housing revenue bonds (the "Bonds") to finance the construction activities in an amount not to exceed \$8,200,000 million for the Montecito Apartments Project (the "Project") subject to the CRA/LA's subsequent approval of financing documents for the Bonds;
2. Authorize staff to conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing for issuance of tax-exempt bonds for the Montecito Apartments Project in accordance with federal tax requirements with the Chief Executive Officer, or designee, serving as hearing officer, and transmit the public testimony to the City Council;
3. Authorize the appointment of Sidley Austin LLP as bond counsel for an amount not to exceed \$34,500 including reimbursable expenses for bond counsel services relative to the proposed issuance and sale of the bonds for the Project;
4. Authorize the appointment of Public Financial Management, Inc to serve as bond financial advisor for an amount not to exceed \$40,000 and Backstrom, McCarley and Berry LLC to serve as co-financial advisor for an amount not to exceed \$10,000; and up to a total of \$2,000 in reimbursable expenses and;
5. Authorize the CRA/LA to collect at the time of Bond closing, issuance fees in the amount of \$50,000 and 10 basis points (0.10% or one tenth of one percent) per annum of the outstanding Bond amount thereafter;
6. Authorize an amendment to the FY11 budget to recognize the receipt of a CRA/LA Loan payoff estimated to be \$1,831,394 into the Bunker Hill Replacement Housing Trust Fund.

And, that the CRA/LA Board of Commissioners:

7. Request that City Council adopt a Resolution approving for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, providing for the issuance of Bonds of the CRA/LA to finance the construction of the Project or request that the Mayor execute and deliver such approval in substantially similar form.

### **SUMMARY**

The recommended actions will enable the owner, Thomas Safran & Associates (TSA) to refinance the Montecito Apartments, facilitating the rehabilitation of 116 affordable housing units as part of a 100% affordable elderly housing project located in the Hollywood Redevelopment Project Area. The refinance will also enable TSA to repay a \$1,839,000 CRA/LA loan made in 1996.

If approved by the CRA/LA Board of Commissioners and City Council, CRA/LA as conduit issuer will apply in 2011 to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of private activity housing revenue bonds. The bonds would utilize the conduit bonding authority of the CRA/LA and therefore be issued with no recourse to the CRA/LA. All cost of issuing the bonds as well as debt service will be paid by the Developer. In compliance with provisions of the Internal Revenue Code, a Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing will be held and the testimony of the hearing submitted to the Los Angeles City Council for approval prior to being submitted to CDLAC. The Developer has targeted the bonds to close in the first quarter of 2011 so that construction may begin shortly thereafter.

### **PREVIOUS ACTIONS**

October 9, 1996 - Los Angeles City Council approved board action.

August 15, 1996 - CRA/LA Board approved a \$1,839,000 loan.

### **DISCUSSION & BACKGROUND**

#### Location

Montecito Apartments is located at 6650 Franklin Avenue. It is a 10-story center hallway apartment building for seniors. It is owned by Thomas Safran & Associates (TSA) which purchased the property in 1996 through a Request for Proposal process; the RFP was issued by the senior lender who had foreclosed on the original owner. Funding sources included a conventional mortgage, CRA/LA funds and equity.

#### Developer Entity

Thomas Safran & Associates (TSA) owns and manages over 3,500 units of affordable rental housing in California. With over 35 years of experience, TSA has emerged as a leader in the development of affordable housing in Southern California, having won numerous awards from many prestigious organizations.

TSA's developments are created with excellence in design and with amenities. Such as basketball courts, playgrounds, large community rooms, wireless internet access, computer rooms, libraries, teen rooms, childcare centers, exercise facilities and other high quality amenities. While building and managing profitable housing for investors, TSA's goal is to enrich the lives of the people who reside in its buildings, a goal effectuated through a variety of programs and services provided to residents.

Its corporate staff includes a full-time Resident Services Coordinator and graduate social work interns, who are responsible for identifying the needs of each community, creating and linking appropriate programs and services to respond to needs, and promoting resident participation in community affairs.

#### Selection Process

TSA approached CRA/LA about issuing of bonds so that it can undertake the rehabilitation work and repay the CRA/LA loan.

#### Description and Project Context

In 1996, TSA purchased the subject property and structured it as a 100% affordable housing project. CRA/LA provided \$1,839,000 in project financing to support the affordable housing units with a 60-year affordability covenant. TSA is proposing to refinance the project by selling it into a tax credit Partnership. The Partnership will use tax-exempt private activity bonds and 4% Low-Income Housing Tax Credits to finance the rehabilitation of the project and pay-off the existing loans, including CRA/LA's. The rehabilitation work will entail building systems, the community room and substantial replacement and repair work within the units. Specific improvements will include painting, installing new window covering, replacing carpet and vinyl flooring, upgrading bathroom and kitchen cabinets and fixtures, upgrading electrical and plumbing and HVAC and providing new kitchen appliance in the units. The community room and lobby area will also be upgraded. The rehabilitation work will be required to meet the standards of the Secretary of the Interior.

#### Project History

The Montecito Apartments with its 118 units of affordable housing for seniors is a registered historic landmark. CRA/LA has been involved in the project since 1987 through the provision of a portion of the financing in the amount of \$3,260,000 to fund the substantial rehabilitation of the property, by the previous owner, Montecito Apartments Limited. In 1987, the CRA/LA loan was increased by \$42,500 for a revised loan amount of \$3,302,500 to pay for landscaping development plans. In 1996, the senior lender foreclosed on the owner and extinguished the CRA/LA loan. Subsequently, the senior lender issued a Request for Proposal for a new buyer of the property, and TSA was the successful bidder for \$3.038 million, of which CRA/LA provided a \$1,839,000 loan. The balance was financed by a \$1,030,000 conventional mortgage and \$169,000 in equity from TSA. Mr. Safran also invested \$569,000 in making improvements to the building.

#### Community Benefits

The refinancing of the project with low-income housing tax credits will require 55-year affordability covenants and yield a net of 10 additional years beyond CRA/LA's existing covenant. The proposed improvements will ensure the maintenance of this historic structure in top quality condition and contribute to the overall upkeep of the neighborhood. TSA has also agreed to commit to the use of an adjacent lot for the development of an additional 50 units of affordable housing. This commitment will be included in the Regulatory Agreement.

CRA/LA's In-Place Rehabilitation Procedures will apply to this project. The developer will be required to submit a Tenant Habitability Plan and has executed the In-Place Rehabilitation Agreement. The In-Place Rehabilitation Plan will be completed and approved by CRA/LA staff prior to the execution of the Regulatory Agreement. The scope of the rehabilitation work and the Tenant Habitability Plan will be incorporated into the Regulatory Agreement.

Findings

The Community Redevelopment Agency of the City of Los Angeles, California (the "CRA/LA"), intends to issue, bonds (the "Bonds") in a principal amount not to exceed \$8,200,000 with respect to the Montecito Apartments Project ("the Project"), to be owned by Montecito Apartments Housing L.P. ("the "Borrower"). It is in the public interest and for the public benefit that the CRA/LA authorize the financing of the Project and it is within the powers of the CRA/LA to provide for such financing and the issuance of the Bonds. It is necessary and desirable and in the public interest and for the public benefit that the CRA/LA seek an allocation of private activity volume cap for the Project from the California Debt Limit Allocation committee ("CDLAC"). CRA/LA will serve as issuer under its power to issue revenue bonds for the purpose of financing the development of projects that provide multifamily rental housing for persons of low and moderate income (the "Program").

The interest on the Bonds may qualify for a federal tax exemption under Section 142 (a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), In order for interest on the Bonds to be excluded from gross income for federal income tax purposes, a public hearing with respect to the Bonds must be held. The actions of the CRA/LA related to the issuance of the Bonds are subject to the approval of the City Council or the Mayor. Notice of the public hearing will be required by section 147(f) of the Code and section 5f.103-2(d)(1) of the Regulations will be duly published and the public hearing will be held by a designated representative of the CRA/LA.

Financial Analysis

As shown in the table below, Refinancing will yield \$14,326,315 in new funding proceeds, including a deferred developer fee of \$1,249,369. Use of the proceeds will include: Net Acquisition \$6,477,947, Loan Payoffs from Acquisition \$3,022,053, Hard & Contingency Rehabilitation Costs \$1,924,208 and \$1,273,728 in Soft and Financing Costs. Developer Fee distribution will be in the amount of \$379,010 at permanent financing.

The source of construction funding will consist of an \$8,075,000 construction loan, \$254,410 in NOI from the existing rent rolls, Low Income Housing Tax Credits ("LIHTC") equity in the amount of \$2,002,373 and \$1,496,532 in deferred developer fees. The source of permanent funds after conversion will be a permanent loan via tax exempt bonds in the amount of \$6,354,153, \$252,410 in net operating income, \$1,249,369 in deferred developer fees and \$3,970,383 in LIHTC.

<b>MONTECITO REFINANCING SOURCES AND USES</b>		
<b>Sources</b>	<b>Construction</b>	<b>Permanent</b>
Construction Loan	\$8,075,000	\$0
Permanent Loan		6,354,153
LIHTC Investor Equity	2,002,373	3,970,383
GP Equity	2,500,000	2,500,000
NOI During Construction	252,410	252,410
Deferred Developer Fee Loan	1,496,532	1,249,369
<b>Total Sources</b>	<b>\$14,326,315</b>	<b>\$14,326,315</b>
<b>Uses</b>	<b>Construction</b>	<b>Permanent</b>
Acquisition Net	\$6,477,947	\$6,477,947
Acquisition to 1st	1,135,976	1,135,976
Acquisition to CRA/LA	1,886,077	1,886,077
Hard Costs	1,749,280	1,749,280

Contingency	174,928	174,928
Soft Costs	392,800	392,800
Financing Other Costs	771,055	771,055
Soft Costs Contingency	109,873	109,873
Developer Fee - Cash Portion	131,847	379,010
Developer Fee - Deferred Portion	1,496,532	1,249,369
<b>Total Uses</b>	<b>\$14,326,315</b>	<b>\$14,326,315</b>

## PLAN OF FINANCE

The Montecito will be sold into a tax credit partnership (the "Partnership"). The Partnership will finance the purchase and rehabilitation using tax-exempt private activity bonds and 4% Low-Income Housing Tax Credit. The 1996 CRA/LA \$1,839,000 loan will be paid off in full. The anticipated construction phase loan will be approximately \$8.1 million. Capital contributions from the tax credit equity investor will be used to pay down the construction loan. The permanent loan will have a maturity of 17 years and a 35 year amortization schedule. The construction budget will total more than \$15,000 in hard costs per door.

The Partnership is seeking a TEFRA resolution in the amount of \$8,200,000. The bond issuance will be an institutional direct placement with the construction loan and permanent loan lending institution.

### Bond Financing Structure

The bond financing structure currently anticipates an issuance of conduit private activity bonds issued as a standard institutional direct placement and will not be a public offering.

Security for the Construction/Permanent loan is expected to be provided by a first deed of trust lien on the Project securing payment of the amounts due under the loan agreement. Since the bonds will be directly placed with an institution, CRA/LA will seek to negotiate a requirement that future investors will be limited to "qualified institutional buyers" as defined by federal securities law and the minimum bond denomination are expected to be no lower than \$100,000.

During the 9-month construction period, TSA is proposing to obtain bond financing in place of a conventional construction loan in the amount of \$8,075,000 or 73% of the Total Development Costs. In addition, at the construction phase, the developer will draw 4% Low Income Housing Tax Credit ("LIHTC") equity proceeds in the amount of \$2,002,373. Following the completion of construction and the disbursement of the balance of the equity, the permanent loan will be reduced to \$6,486,000. The Project's revenue from the property can support a debt coverage ratio ("DCR") of 1.15 in the base year and increasing thereafter. This meets CRA/LA minimal DCR which currently coincides with CDLAC minimal requirements.

In order to apply for the anticipated tax-exempt bond financing, the Developer is requesting that the CRA/LA serve as issuer of the Bonds. Provided that the Board acts in favor of this request, CRA/LA staff will submit the CDLAC application in January 2011. This submission will serve as a placeholder for the Project pending results of the TEFRA Hearing and the final Council or Mayoral action. Following the CDLAC application submission, CDLAC will hold its private activity bond allocation meeting in March 2011. After notification of a successful private activity bond allocation award, staff will return to the CRA/LA Board and ultimately to the Council to seek authorization to approve the bond documents and to issue the bonds. The project will be required to close within 90 days of the date of the CDLAC allocation award.

In order to select its finance team for the Montecito bond issuance, CRA/LA staff solicited fee



quotes from members of the CRA/LA's list of qualified bond law firms, bond underwriting and financial advisory firms. Recommended firms include:

- Bond Counsel – Sidley Austin LLP
- CRA/LA Financial Advisor – Public Financial Management, Inc.
- CRA/LA Co-Financial Advisor – Backstrom, McCarley and Berry, LLC

The CRA/LA solicited bids from three bond counsel firms that are currently on its pre-approved list. The winning bond counsel bid was submitted to the Outside Counsel Committee of the City Attorney's office ("OCC"). The OCC selected Sidley Austin LLP for the Montecito bond financing. Staff selected the financial advisor to CRA/LA based upon an RFP circulated to firms (included emerging firms) on its list of qualified service providers. Public Financial Management, Inc. was selected by staff as the lead financial advisor for this engagement and Backstrom, McCarley and Berry, LLC (an emerging firm) was selected as co-financial advisor for 20% of the total fee. Bond counsel and the financial advisors will be paid on a contingent basis, by the developer from the Cost of Issuance account at closing.

**ECONOMIC IMPACT**

The following table\* describes the economic impacts estimated to be created by this project.

<b>Estimated Economic Impacts Created by this Project*</b>	
<b>Estimated Construction Jobs Created</b>	<b>5</b>
<b>Estimated Permanent Jobs Created</b>	<b>4</b>
<b>Estimated Gross Property Tax Increment (TI) Revenue</b> (Year 1 of Tax Increment Generated)	n/a
<b>Estimated Net Present Value (NPV) of Net Property TI Generated</b> (Revenue to the CRA/LA Project Area through the last Tax Increment Receipt Date)	n/a
<b>Estimated NPV of Property TI for Affordable Housing</b> (25% set-aside towards the CRA/LA Low and Moderate Income Housing Fund through the last Tax Increment Receipt Date)	n/a
<b>Estimated NPV of Utility User Tax Revenue</b> (Revenue to City of Los Angeles)	<b>\$58,000</b>
<b>Estimated NPV of Sales Tax Revenue</b> (1% portion of taxable sales to City of Los Angeles)	n/a
<b>Estimated NPV of Business Tax Revenue</b> (Revenue to City of Los Angeles)	n/a

\*The figures provided in the table above are for estimation purposes only; actual fiscal impact or job creation may be higher or lower than these estimates. Standardized formulas were used to generate these figures and are based on accepted econometric practices and basic tax calculations taken from research performed by a variety of sources, including the Los Angeles Economic Roundtable, California Redevelopment Association, US Department of Housing and Urban Development, CRA/LA, and the City and County of Los Angeles.

**SOURCE OF FUNDS**

No CRA/LA funds are required for this action.

**PROGRAM AND BUDGET IMPACT**

The repaid funds will be deposited back to the Bunker Hill Replacement Housing Trust Fund, the original source of the loan. The repayment will include the original loan amount and all outstanding accrued interest. Based on the current outstanding balance of \$1,950,316.20 as of

December 31, 2010, less the 2010 year-end residual payment due of an estimated \$118,922.50, it is estimated that a payment of approximately \$1,831,393.70 will be made.

The CRA/LA will collect at the time of Bond closing, issuance fees in the amount of \$50,000 and 10 basis points (.10% or one tenth of one percent) per annum of the outstanding Bond amount thereafter. Bond Administrative Fees collected as a result of this transaction will be used to support Housing Compliance activities as approved in the FY11 Budget for \$300,000.

There is no impact on the City's General Fund as a result of this action.

#### ENVIRONMENTAL REVIEW

The rehabilitation of the Montecito Apartment building is categorically exempt from provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15331 (Historical Resource Restoration/Rehabilitation) of the CRA/LA CEQA Guidelines.

#### AUTHORITY GRANTED TO CEO OR DESIGNEE

If the Bond Transaction is approved, the CRA/LA Chief Executive Officer or designee would be authorized to take such actions as may be necessary to issue the bonds including, but not limited to approving the transfer of ownership.

Christine Essel  
Chief Executive Officer

By:



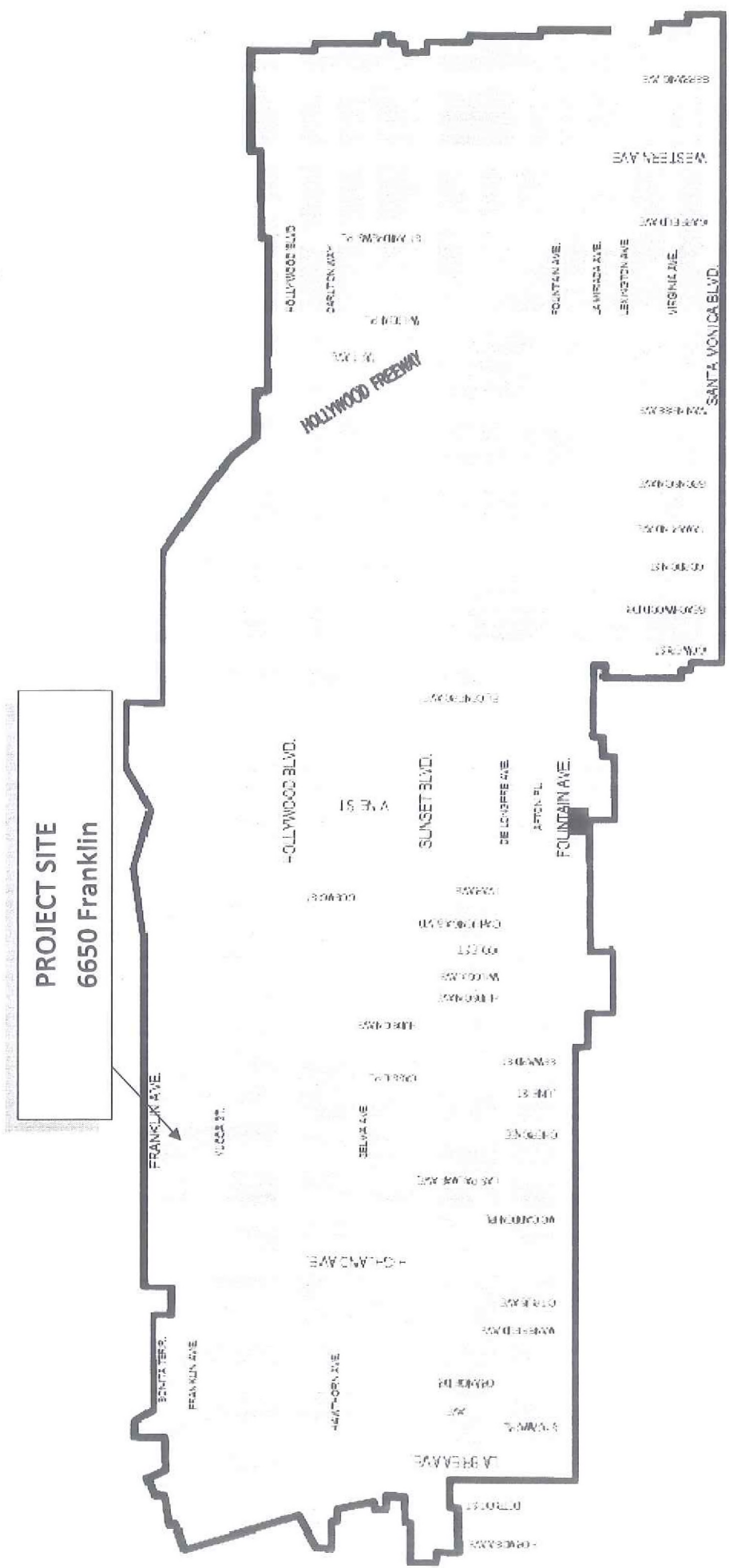
Calvin E. Hollis  
Chief Operating Officer  
Real Estate and Economic Development

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

#### ATTACHMENTS

- Attachment A: Location/Site Map
- Attachment B: Sources and Uses
- Attachment C: Inducement Resolution
- Attachment D: TEFRA Resolution
- Attachment E: Economic Impact Analysis
- Attachment F: Project Summary Report

**ATTACHMENT A**  
**SITE MAP**  
 Montecito Apartments



Not to Scale    NORTH

**ATTACHMENT B**  
**SOURCES & USES**  
**MONTECITO APARTMENTS TEFRA BONDS**

<b>MONTECITO REFINANCING</b>		
<b>SOURCES AND USES</b>		
<b>Sources</b>	<b>Construction</b>	<b>Permanent</b>
Construction Loan	8,075,000	0
Permanent Loan		6,354,153
LIHTC Investor Equity	2,002,373	3,970,383
GP Equity	2,500,000	2,500,000
NOI During Construction	252,410	252,410
Deferred Developer Fee Loan	1,496,532	1,249,369
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<b>Uses</b>	<b>Construction</b>	<b>Permanent</b>
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Acquisition to 1st	1,135,976	1,135,976
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Soft Costs Contingency	109,873	109,873
Developer Fee - Cash Portion	131,847	379,010
Developer Fee - Deferred Portion	1,496,532	1,249,369
<b>Total Uses</b>	<b>14,326,315</b>	<b>14,326,315</b>

**ATTACHMENT C**

**INTENT TO ISSUE TAX-EXEMPT BONDS RESOLUTION**

**THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES**

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA DECLARING ITS OFFICIAL INTENT TO ISSUE BONDS TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY HOUSING PROJECT PROVIDING MULTIFAMILY RESIDENTIAL RENTAL PROJECT LOCATED WITHIN THE CITY AND APPROVING AN APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE TO ISSUE PRIVATE ACTIVITY BONDS

**WHEREAS**, The Community Redevelopment Agency of the City of Los Angeles, California (the "CRA/LA"), is a redevelopment agency and public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California), and the powers of the CRA/LA include the power to issue revenue bonds for the development of projects providing multifamily rental housing for persons of low and moderate income (the "Program"); and

**WHEREAS**, the CRA/LA intends to issue, at one time or from time to time, bonds (the "Bonds") in a principal amount not to exceed \$ 8,200,000 with respect to the Montecito Apartments Project ("the Project"), to be owned by Montecito Apartments Housing LP. (the "Borrower"), and

**WHEREAS**, the Project is a 118 unit multifamily apartment project (116 of which are affordable) to be located at 6650 Franklin Avenue, wholly within the City of Los Angeles; and

**WHEREAS**, it is in the public interest and for the public benefit that the CRA/LA authorize the financing of the Project, and it is within the powers of the CRA/LA to provide for such financing and the issuance of the Bonds; and

**WHEREAS**, it is necessary and desirable and in the public interest and for the public benefit that the CRA/LA seek an allocation of private activity volume cap for the Project from the California Debt Limit Allocation committee ("CDLAC").

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA:**

1. The above recitals, and each of them, are true and correct.
2. The statements contained in this Resolution with respect to the reimbursement of the expenditures described in this Resolution are intended to be statements of official intent as required by, and in conformity with, the provisions of the U.S. Treasury Regulation Section 1.150-2(e).
3. The Borrower reasonably expects to reimburse the expenditures set forth in this resolution with the proceeds of tax-exempt debt to be issued by the CRA/LA subsequent to the date hereof, but this resolution does not constitute a binding obligation to issue such debt.
4. The maximum principal amount of tax-exempt debt expected to be issued for the Project is \$8,200,000.
5. It is intended that this Resolution shall constitute a declaration of "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.
6. Pursuant to the Act, Board of Commissioners of the Community Redevelopment Agency of the City of Los Angeles provides its authorization to proceed with a housing revenue bond program designed to provide housing within the City of Los Angeles for low- and moderate-income persons through the issuance of the Bonds in the amount not to exceed \$8,200,000, the terms of such bond issuance to be approved by the CRA/LA at a later date.
7. Pursuant to the Act, the CRA/LA hereby authorizes the Community Redevelopment Agency of the City of Los Angeles to seek from the California Debt Limit Allocation Committee ("CDLAC") an allocation in an amount not to exceed \$8,200,000 for the benefit of the Project.
8. Notwithstanding anything to the contrary herein, the CRA/LA shall be under no obligation to issue Bonds for the Project prior to review and approval by the CRA/LA and its counsel of the documents, terms and conditions relating to such Bonds.
9. The officers and staff of the CRA/LA are hereby directed to take such further action as may be necessary to carrying out the intent and purpose of this Resolution.
10. This Resolution shall take effect immediately upon its passage and adoption.

APPROVED AND ADOPTED this \_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Secretary

ATTEST: \_\_\_\_\_

## ATTACHMENT D

### TEFRA RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, REGARDING A TEFRA HEARING AND APPROVING THE ISSUANCE OF UP TO \$8,200,000 PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS IN ONE OR MORE SERIES BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA TO FINANCE CERTAIN DEVELOPMENT COSTS OF THE MONTECITO APARTMENTS PROJECT

**WHEREAS**, The Community Redevelopment Agency of the City of Los Angeles, California (the "CRA/LA"), is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Law") and the powers of the CRA/LA include the power to issue revenue bonds for the purpose of financing the development of projects that provide multifamily rental housing for persons of low and moderate income (the "Program"); and

**WHEREAS**, the CRA/LA intends to authorize a plan of financing providing for the issuance by the CRA/LA of tax-exempt multifamily housing revenue bonds (the "Bonds") in one or more series in a principal amount not to exceed \$8,200,000 with respect to the Montecito Apartments Project (the "Project") to be owned by Montecito Apartments Housing LP; and

**WHEREAS**, the Project is a 118 unit multifamily apartment project (116 of which are affordable) to be located at 6650 Franklin Avenue, wholly within the City of Los Angeles; and

**WHEREAS**, it is in the public interest and for the public benefit that the CRA/LA authorize the financing of the Project, and it is within the powers of the CRA/LA to provide for such financing and the issuance of the Bonds; and

**WHEREAS**, the interest on the Bonds may qualify for a federal tax exemption under Section 142 (a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

**WHEREAS**, pursuant to section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations section 5f.103-2 (the "Regulations") promulgated under the Code, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes, a public hearing with respect to the Bonds must be held; and

**WHEREAS**, actions of the CRA/LA related to the issuance of the Bonds are subject to the approval of this Council or the Mayor, and the CRA/LA is desirous of obtaining such approval; and

**WHEREAS**, notice of the public hearing required by section 147(f) of the Code and section 5f.103-2(d)(1) of the Regulations has been duly published and the public hearing has been held by a designated representative of the CRA/LA;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES:**

This Council hereby approves the issuance of the Bonds pursuant to the Law, for the purpose of financing certain development costs of the Project including, without limitation, to pay costs of issuance for the Bonds (including any discount or premium in connection with the sale thereof), said Bonds to be issued in accordance with law in such manner and under such terms and conditions as shall be acceptable to the CRA/LA, in an aggregate principal amount of up to \$8,200,000.

The Bonds may be issued so that the interest thereon shall be excluded from federal income taxation under the Internal Revenue Code of 1986, as amended, or not so excluded or part excluded and part not excluded and may be issued bearing a fixed interest rate or a variable interest rate or part fixed and part variable; provided, however, that the Bonds shall be sold and awarded under procedures approved by the CRA/LA, at public or private sale, and, provided further, that no Bonds shall bear interest at a rate in excess of the maximum rate permitted by law or have a maturity date in excess of forty (40) years from the date of issuance. Any Bonds sold by the CRA/LA consistent with this resolution shall be, and shall be deemed to be, the duly authorized action of the CRA/LA with respect thereto hereby approved under Section 8.99.04 of the Administrative Code of the City of Los Angeles (the "Administrative Code") and not subject to the provisions of Section 8.99.05 of the Administrative Code.

The CRA/LA is hereby authorized and directed to prepare, approve and distribute its resolutions, trust indentures and/or trust agreements authorizing the issuance of the Bonds, one or more loan agreements, financing agreements and /or regulatory agreements, one or more official statements or private placement memoranda for the sale of the Bonds, one or more purchase contracts setting forth the details of the sale, and the CRA/LA is hereby further authorized and directed to prepare, publish and distribute such other notices, documents, certificates, opinions and instruments as the CRA/LA shall deem necessary or desirable to effectuate the sale of Bonds and any and all prior and future such actions taken consistent with this resolution shall be, and shall be deemed to be, the duly authorized actions of the CRA/LA with respect thereto hereby approved, ratified and confirmed under Section 8.99.04 of the Administrative Code and not subject to the provisions of Section 8.99.05 of the Administrative Code.

This Council confirms that the public hearing with respect to the Bonds required by section 147(f) of the Code and section 5f.103-2(d)(1) of the Regulations was properly held by the CRA/LA pursuant to notice as required by law.

This Council approves the issuance of the Bonds for purposes of section 147(f) of the Code and section 5f.103-2(d)(1) of the Regulations.

This Resolution shall take effect upon adoption.

**PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_,**

I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Los Angeles, California, at its meeting held \_\_\_\_\_, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Los Angeles this \_\_\_ day of \_\_\_\_\_ 2011.

*June Lagmay, City Clerk*

By: \_\_\_\_\_  
Deputy



# ATTACHMENT E ECONOMIC IMPACT ANALYSIS WORKSHEET

**DIRECTIONS:** Enter the values requested into the **YELLOW** areas.  
The **GREEN** boxes are the economic impact estimates for the project.  
Hit "delete" key to clear values entered.

Project Information			
Project Name: <small>(enter value)</small>	<input style="width: 95%;" type="text" value="Montecito Apartments"/>	Today's Date: <small>(enter date)</small>	<input style="width: 95%;" type="text" value="12/14/2010"/>
Region: <small>(select from dropdown list)</small>	<input style="width: 95%;" type="text" value="Hollywood Central"/>	Project Area: <small>(select from dropdown list)</small>	<input style="width: 95%;" type="text" value="Hollywood"/>
Gross Buildable Area: <small>(enter value)</small>	<input style="width: 95%;" type="text" value="10,500"/> square feet	Total Project Cost: <small>(enter value)</small>	<input style="width: 95%;" type="text" value="\$1,776,192"/>
Stabilization Date: <small>(enter date)</small>	<input style="width: 95%;" type="text"/>		

Job Creation			
<b>Construction Jobs</b>		<i>For especially complicated projects contact <a href="#">Alex Paxton (x1747)</a> for assistance</i>	
Total Project Cost:	\$1,776,192		
Land Acquisition Cost: <small>(enter value)</small>	<input style="width: 95%;" type="text"/>		
Project Cost (Excluding Land):	\$1,776,192	Estimated Construction Jobs Created:	<input style="width: 95%;" type="text" value="5"/>
Project Type: <small>(select from dropdown list)</small>	<input style="width: 95%;" type="text" value="New Residential Additions and Alterations"/>		
<b>Permanent Jobs</b>		<i>For especially complicated projects contact <a href="#">Alex Paxton (x1747)</a> for assistance</i>	
<b>Non-Residential Uses</b>			
<i>For Mixed Use projects, select each component and enter square footage for each.</i>			
<u>Non-Residential Use 1:</u>		Non-Residential Permanent Jobs Created	0.0
Gross Leasable Area (of this use): <small>(enter value)</small>	square feet		
<u>Non-Residential Use 2:</u>		Non-Residential Permanent Jobs Created	0.0
Gross Leasable Area:	square feet		
<u>Non-Residential Use 3:</u>		Non-Residential Permanent Jobs Created	0.0
Gross Leasable Area:	square feet		
<u>Non-Residential Use 4:</u>		Non-Residential Permanent Jobs Created	0.0
Gross Leasable Area:	square feet		
<u>Non-Residential Use 5:</u>		Non-Residential Permanent Jobs Created	0.0
Gross Leasable Area:	square feet		
<b>Residential Uses</b>			
Number of Residential Units: <small>(select from dropdown list)</small>	<input style="width: 95%;" type="text" value="101-125"/>	Residential Permanent Jobs Created	3.5
		<b>Total Estimated Permanent Jobs Created:</b>	<input style="width: 95%;" type="text" value="3.5"/>

## ECONOMIC IMPACT ANALYSIS WORKSHEET

Revenue Generation			
<b>Property Tax Increment Revenue</b>			
<i>Assessed Value Calculation Method:</i>	<i>Enter NOI &amp; Cap Rate</i>	<i>Estimated Development Value (Total Project Cost)</i>	
Net Operating Income: <small>(enter value)</small>	<input style="width: 100%;" type="text"/>	Estimated Gross Property Tax Increment (TI) Revenue: <small>(Year 1)</small>	<b>#N/A</b>
Capitalization Rate: <small>(enter value)</small>	<input style="width: 100%;" type="text"/>	Estimated Net Present Value (NPV) of Affordable Housing Property TI Revenue:	<b>#DIV/0!</b>
Value of Tenant Improvements & Fixtures: <small>(enter value if applicable)</small>	<input style="width: 100%;" type="text"/>	Estimated NPV of Net Property TI Generated:	<b>#DIV/0!</b>
Current Assessed Value: <small>(enter value)</small>	<input style="width: 100%;" type="text"/> <a href="#">Click to access County Assessor's Property Search</a>	Estimated NPV of Utility User Tax Revenue:	<b>\$58,367</b>
<b>Utility User Tax</b>			
Gross Buildable Area:	10,500 sf	Estimated NPV of Sales Tax Revenue:	<b>\$0</b>
<b>Sales Tax <u>(Only Available for Retail, Restaurant, or Fast Food Use)</u></b>			
Gross Leasable Area:	- sf	Estimated NPV of Business Tax Revenue:	<b>\$0</b>
Estimated Gross Receipt	\$0	<b>TOTAL TAX REVENUES:</b>	
<b>Business Tax <u>(Only Available for Retail Use)</u></b>			
Estimated Gross	\$0	<b>\$58,367</b>	
Business Tax Rate Category:	Retail Sales		

## ECONOMIC IMPACT ANALYSIS WORKSHEET

Estimated Economic Impacts for:

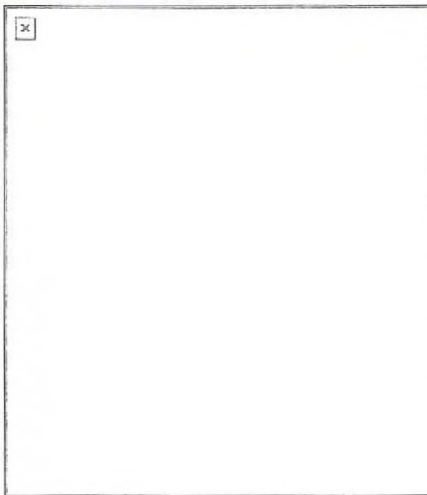
**Montecito Apartments**  
12/14/2010

Summary: Estimated Economic Impacts	
<b>Estimated Construction Jobs Created:</b>	<b>5</b>
<b>Total Estimated Permanent Jobs Created:</b>	<b>4</b>
<b>Estimated Gross Property Tax Increment (TI) Revenue:</b> <small><i>(Year 1 of Tax Increment Generated including pass-throughs)</i></small>	<b>#N/A</b>
<b>Estimated Net Present Value (NPV) of Affordable Housing Property TI Revenue:</b> <small><i>(25% set-aside towards the CRA/LA Low and Moderate Income Housing Fund through the last Tax Increment Receipt Date for the Project Area)</i></small>	<b>#DIV/0!</b>
<b>Estimated NPV of Net Property TI Generated:</b> <small><i>(Revenue to the CRA/LA Project Area through the last Tax Increment Receipt Date)</i></small>	<b>#DIV/0!</b>
<b>Estimated NPV of Utility User Tax Revenue:</b> <small><i>(Revenue to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i></small>	<b>\$58,000</b>
<b>Estimated NPV of Sales Tax Revenue:</b> <small><i>(1% portion of taxable sales to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i></small>	<b>\$0</b>
<b>Estimated NPV of Business Tax Revenue:</b> <small><i>(Revenue to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i></small>	<b>\$0</b>

Note: All net present values are calculated through the final year of tax increment receipt for the corresponding project area *Values are rounded*

The figures provided in the table above are for estimation purposes only; actual fiscal impact or job creation may be higher or lower than these estimates. Standardized formulas were used to generate these figures and are based on accepted econometric practices and basic tax calculations taken from research performed by a variety of sources, including the Los Angeles Economic Roundtable, California Redevelopment Association, International Council of Shopping Centers, US Department of Housing and Urban Development, CRA/LA, and the City and County of Los Angeles.

**HOLLYWOOD & CENTRAL REGION**



Maps created by CRA/LA GIS Team

**HOLLYWOOD**

**MONTECITO APARTMENTS**

**Board Item Number:**  
**Board Date:** 1/20/2011

**Project Location**

**Proposed CRA/LA Action**

Montecito Apartments. Resolution approving application to California Debt Limit Allocation Committee and various actions relating to retention of bond counsel and fiscal agents and issuance and sale of not-to-exceed \$8,200,000 of multifamily housing revenue bonds for the rehabilitation of Montecito Apartments, 6650 Franklin Avenue.

**Additional Information**

N/A

**Elected Officials**

**Project Description**

Rehabilitation of 116 units of affordable senior housing.

**Project Type**

Residential

*Construction Category:* Rehabilitation

*Type of Housing:* Rental Housing

**Project Features:**

- Affordable Housing
- Apartments
- Community Room
- Gardening / Landscaping

**Developer / Participant(s)**

*Developer:* Thomas Safran and Associates

*Legal Owner / Borrower:* Montecito Apartment Housing L.P.

**CRA/LA Project Staff**

- Leslie Lambert, Regional Administrator
- Neelura Bell, Project Manager
- Leslie Lambert, Regional Administrator II

**Project Activities**

*Completed Activities:*

- Agenda Review, 01/04/11

*Scheduled Activities:*

- Board Action, 01/20/11
- Public Hearing, 01/21/11
- City Council Approval, 02/23/11

**Terms of CRA/LA Investment:**

Bond issuance no direct funds

**Community Benefits**

- Upgrade / Rehabilitate Existing Housing Units

**Strategic Plan Goals Met**

- 2.1.1 - Complete construction of at least 5,500 units of affordable housing in Redevelopment Project areas.

**CRA/LA Policies Applied**

- Contractor Responsibility
- Housing Policy, In-Place Rehabilitation Policies

**CRA/LA Policies Not Applied**

*Not Applicable to the Project*

- Public Art Policy
- Construction Careers & Project Stabilization, No CRA/LA funds
- Construction Jobs Local Hiring Program, No CRA/LA funds
- Contractor / Service Worker Retention
- Living Wage, No CRA/LA funds
- Prevailing Wage, No CRA/LA funds
- Labor Peace Agreement
- Child Care
- Sustainability Consultation Program (Part of CRA/LA Healthy Neighborhoods Policy), No CRA/LA funds

**STATISTICS AT A GLANCE**

**Estimated Jobs Created:**

Construction Jobs (est.):	5
Permanent Jobs (est.):	4

**Total Development Costs (TDC):** \$14 million

**CRA/LA Investment:** \$8 million

CRA/LA Investment % of TDC: 57.24%

**Total Housing Units:** 118

Market Rate: 0

Manager's Unit(s): 2

**Total Affordable Housing Units:** 116

HCD Very Low Income Units: 65

HCD Low Income Units: 51

HCD Moderate Income Units: 0

Undetermined Affordable Units: 0

**Total Development Cost Per Unit:** \$121,409

**CRA/LA Investment Per Restricted Unit:** \$70,690