

CITY OF LOS ANGELES

CALIFORNIA

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When making inquiries relative to
this matter, please refer to the
Council File No.

January 22, 2014

To All Interested Parties:

City Attorney (w/blue sheet)

The City Council adopted the action(s), as attached, under Council File No. 13-0303-S1, at its meeting held January 14, 2014.

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Mayor's Time Stamp
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CITY OF LOS ANGELES

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SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 13-0303-S1

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE January 14, 2014

RE: APPROVAL OF THE INITIAL AFFORDABLE HOUSING MANAGED PIPELINE, AUTHORIZATION TO ISSUE LETTERS OF COMMITMENT FOR SELECTED PROJECTS, AND VARIOUS ACTIONS RELATED TO THE AFFORDABLE HOUSING TRUST FUND

LAST DAY FOR MAYOR TO ACT JAN 27 2014
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED
✓

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL 1/21/14

[Signature]
MAYOR

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File No. 13-0303-S1

HOUSING COMMITTEE REPORT relative to approval of the initial Affordable Housing Managed Pipeline, authorization to issue letters of commitment for selected projects, and various actions related to the Affordable Housing Trust Fund (AHTF).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to:
 - a. Adopt the projects in Tables One through Three in Recommendation No. 1b below as the Initial Affordable Housing Managed Pipeline.
 - b. Issue a Nine Percent Tax Credit Recommendation Letter and/or Financial Commitment for each of the projects identified in Tables One through Three below, subject to the following conditions: that the final AHTF financial commitment may be lower than, but in no case will exceed, the amount listed; that the project sponsor will apply to the California Tax Credit Allocation Committee (CTCAC) in the allocation round authorized by the HCIDLA; and, that disbursement of AHTF funds will take place after the sponsor obtains the full amount of funding and/or tax credits proposed.

TABLE ONE - 9% LOW INCOME HOUSING TAX CREDIT (LIHTC) SPECIAL NEEDS/HOMELESS PROJECTS RECOMMENDED FOR AHTF COMMITMENTS

Special Needs/SRO Set-Aside - Tax Credits Available Statewide: \$6,538,212

<u>Project Name</u>	<u>CD</u>	<u>Units</u>	<u>Housing Type</u>	<u>AHTF Award</u>	<u>9% LIHTC Requested</u>
Marmion Way Apartments	1	49	Veteran & Family	\$0	\$1,282,442
PATH Metro Villas	13	72	Homeless	N/A**	1,163,200
South West View*	10	<u>64</u>	Veteran & Senior	<u>2,600,000</u>	<u>1,600,766</u>
Special Needs Total		185		\$2,600,000	\$4,046,408
Arlington Square	10	48	Homeless	N/A**	\$1,066,033
The Campus at LA Family Hsg.	6	50	Single & Family	N/A**	817,644
Gateway Apartments*	11	21	Formerly Homeless	\$1,071,262	628,735
Rampart Apartments	13	23	Homeless Senior	0	611,769
West Villas	8	<u>49</u>	Veteran	<u>N/A**</u>	<u>918,450</u>
Non-Profit Homeless					

Total	191	\$1,071,262	\$4,042,631
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TABLE TWO - 9% LIHTC AFFORDABLE HOUSING PROJECTS
RECOMMENDED FOR AHTF COMMITMENTS AND/OR TAX CREDITS FROM
THE LOS ANGELES GEOGRAPHIC REGION

Estimated Tax Credits Available - Two-Year Allocation: \$15,056,903***

<u>Project Name</u>	<u>CD</u>	<u>Units</u>	<u>Housing Type</u>	<u>AHTF Award</u>	<u>9% LIHTC Requested</u>
Coronel Apartments	13	54	Family	\$0	\$1,178,880
Florence Mills	9	58	Family	N/A**	2,093,216
Highland Park Transit Village	1	60	Family	0	2,019,798
LDK Senior Apartments	4	67	Senior	0	1,726,893
Norwood Learning Village	1	29	Family	N/A**	844,951
Paloma Terrace	9	59	Family	0	1,710,954
The Paseo at Californian	1	52	Family	0	1,489,325
Selma Community Hsg.	13	66	Family	0	1,892,212
Taylor Yard Senior Hsg	1	<u>108</u>	Senior	<u>0</u>	<u>2,499,750</u>
LA Geographic Region Total		553		\$0	\$15,455,979

TABLE THREE - 4% LIHTC PROJECTS RECOMMENDED FOR AHTF COMMITMENTS

<u>Project Name</u>	<u>CD</u>	<u>Units</u>	<u>Housing Type</u>	<u>AHTF Award</u>	<u>9% LIHTC Requested</u>
T. Bailey Manor	14	45	Veteran	N/A**	\$0
Winnetka Senior Apartments*	3	<u>95</u>	Senior	<u>\$1,200,000</u>	<u>0</u>
4% LIHTC Total		140		\$1,200,000	\$0

TABLE FOUR - TOTALS

	<u>Units</u>	<u>AHTF Award</u>	<u>9% LIHTC Requested</u>
Total - All Projects	1,069	\$4,871,262	\$23,545,018

* Projects with pending Los Angeles Community Development Commission applications.

** N/A - Project applied for but is not recommended for AHTF funding at this time.

*** CTCAC regulations allow for forward commitments from future year allocations to cover minor current year overages.

- c. Negotiate and execute Exclusive Negotiation Agreements for each project identified in Tables One through Three in Recommendation No. 1b above (as needed); subject to the satisfaction of all conditions and criteria stated in the AHTF application, the HCIDLA transmittal dated November 25, 2013, and HCIDLA's Letter of Commitment (if any), and; subject to approval by the City Attorney as to form.
- d. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement for each project identified in Tables One and Three in Recommendation No. 1b above that receives a funding award from the AHTF and the proposed leveraging source, subject to the satisfaction of all conditions and criteria stated in the AHTF application, the HCIDLA transmittal dated November 25, 2013, and HCIDLA's Letter of Commitment, and; subject to approval by the City Attorney as to form.
- e. Execute subordination agreements for each of the projects in Tables One and Three in Recommendation No. 1b above that receives a funding award from the AHTF and the proposed leveraging source, wherein the City loan and regulatory agreements are subordinated to their respective conventional construction and permanent loans, subject to approval by the City Attorney.
- f. Execute agreements allowing the transfer to and/or execution of the City loans by a limited partnership, to enable admittance of tax credit investors, subject to approval by the City Attorney.
- g. Use uncommitted HOME funds from prior years' accounts within Fund No. 561 first, if any, before current year funds and accounts, as needed, to close out old accounts for transactions related to this report.
- h. Amend the AHTF loan agreements for the Gateway Apartments and Caroline Severance Manor, to replace Los Angeles Department of Water and Power Permanent Supportive Housing Program (LADWP-PSHP) funds that were part of the original agreement's project financing with HOME and Municipal Housing Finance Fund funds, subject to approval by the City Attorney.
- i. Prepare Controller Instructions and any necessary technical adjustment(s), consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement the instructions.

2. AUTHORIZE the Controller to:

- a. Allocate and expend funds from the following funds and accounts for the projects below, in accordance with the Initial Call for Projects recommendations:

Project	Fund	Account	Title	Amount
Gateway Apts.	561	43K008	AHTF	\$1,071,262
South West View	561	43K008	AHTF	2,600,000
Winnetka Sr. Apts.	561	43K008	AHTF	<u>1,200,000</u>
				Total: \$4,871,262

- b. Upon receipt of cash from the Community Redevelopment Agency of Los Angeles, a Designated Local Authority, appropriate and expend funds within Fund No. 55J Low and Moderate Income Housing Fund, upon proper demand of the General Manager, HCIDLA, or designee, for the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) Projects as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
Reseda Ranch (Arminta)	55J	43K008	AHTF	\$370,653
LDK Sr. Apts.	55J	43K008	AHTF	4,690,000
Slauson/Wall	55J	43K008	AHTF	2,011,668
29th Street Crossings	55J	43K008	AHTF	<u>1,100,000</u>
				Total: \$8,172,321

- c. Allocate and expend funds from the following fund and account, upon proper demand of the General Manager, HCIDLA, or designee, for the previously approved AHTF project:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
Star Apts.	561	43C212	AHTF	\$50,000

- d. Establish a new appropriation account in Fund 815, Municipal Housing Finance Fund as follows:

<u>Fund</u>	<u>Account</u>	<u>Title</u>
815	43K008	AHTF

- e. Transfer appropriation as follows:

	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
From:	815	43G143	Housing	\$216,443
To:	815	43K008	AHTF	\$216,443

- f. Reallocate and expend funds for the previously approved AHTF projects as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
From:				
Caroline Severance Manor	44G	43A615	LADWP-PSHP	\$216,443.00
To:				
Caroline Severance Manor	815	43K008	AHTF	<u>\$216,443.00</u>
				Total: \$216,443.00
From:				
Gateway Apts.	44G	43A615	LADWP-PSHP	\$382,018.34
To:				
Gateway Apts.	561	43J007	AHTF	\$173,276.00
Gateway Apts.	561	43K008	AHTF	<u>208,742.34</u>
				Total: \$382,018.34

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund. If the above recommendations are approved, the HCIDLA will initiate 19 projects into the Affordable Housing Managed Pipeline (Managed Pipeline) process, negotiate and execute various loan and subordination agreements for three Managed Pipeline projects, use HOME Investment Partnership Act and Municipal Housing Finance Fund dollars in lieu of previously committed LADWP Permanent Supportive Housing Program funds and perform various administrative actions within the Low and Moderate Income Housing Fund. The recommendations comply with City Financial Policies in that one-time funding from these resources would be used for one-time purposes.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on December 11, 2013, the Housing Committee considered an HCIDLA report dated November 25, 2013, and a CAO report December 11, 2013, relative to approval of the initial Affordable Housing Managed Pipeline, authorization to issue letters of commitment for selected projects, and various actions related to the Affordable Housing Trust Fund.

The Executive Officer and management staff of the HCIDLA appeared before the Committee to discuss the HCIDLA's report and responded to related questions. The HCIDLA reported that the Manged Pipeline process was developed at the request of the former Mayor and Council due to the dissolution of the former CRA/LA. It was also developed as a result of the City being granted its own Low Income Housing Tax Credit apportionment by the State of

California. The Managed Pipeline process will enable the City to prioritize, approve, and manage the selection of affordable housing projects within the City of Los Angeles that is submitted to the State for funding. This process will also provide the developer community with certainty relative to the projects and types of projects the City is committed to moving forward. The HCIDLA also noted that the Managed Pipeline process can serve as a tool for the Council to formulate affordable housing policy in the future.

The HCIDLA further reported that the priority for the current list of projects in the Managed Pipeline proposed for approval are CRA/LA legacy projects with existing CRA/LA funding, as well as projects with commitments of other public money. However, this does not have to be the policy in the future. The HCIDLA will re-open the Managed Pipeline twice per year for proposals for new projects and it can revise the policy relative to the priority given to the types of projects for selection.

After providing an opportunity for public comment, the Committee recommended approval of the recommendations in the CAO and the HCIDLA reports. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
FUENTES:	YES
WESSON:	ABSENT
BUSCAINO:	ABSENT
PRICE:	YES

ADOPTED

JAN 14 2014

LOS ANGELES CITY COUNCIL

-NOT OFFICIAL UNTIL COUNCIL ACTS-