

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 1, 2017

CAO File No. 0220-00540-1242

Council File No. 13-0303-S8

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer



Reference: Housing and Community Investment Department transmittal dated May 19, 2017;
Received by the City Administrative Officer on May 20, 2017

Subject: **REQUEST FOR AUTHORITY TO ISSUE FINANCIAL COMMITMENTS AND LOW INCOME HOUSING TAX CREDIT LETTERS OF SUPPORT FOR HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCID) PIPELINE PROJECTS APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE 2017 ROUND 2 AND VARIOUS ACTIONS RELATED TO THE HCID MANAGED PIPELINE**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt Recommendations II. A. through II. H. included in the Housing and Community Investment Department (HCID) transmittal dated May 19, 2017 relative to HCID Pipeline Projects applying to the California Tax Credit Allocation Committee (CTCAC) in 2017 Round 2;
2. Authorize the General Manager of HCID, or designee, to:
 - a. Execute an amendment to the existing State of California Housing and Community Development Department Standard Agreement for the Infill Infrastructure Grant to the Taylor Yard Master Association (TYMA) to implement the revised development plan for the final phase of the Taylor Yard Transit Village project, subject to the approval of the City Attorney as to form and legality; and,
 - b. Execute an amendment to the existing TYMA Loan Agreement to implement the revised development plan for the final phase of the Taylor Yard Transit Village project and to amend the loan term to reflect a term loan, subject to the approval of the City Attorney as to form and legality.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue Low Income Housing Tax Credits (LIHTC) Letters of Support for two projects applying for Nine Percent LIHTCs in California Tax Credit Allocation Committee’s (CTCAC) 2017 Round 2. Additionally, HCID requests authority to issue \$12,510,800 in additional funding commitments to three projects in the HCID’s AHTF Pipeline which will apply for an allocation of Nine Percent LIHTC from the California Tax Credit Allocation Committee’s (CTCAC) 2017 Round 2. The projects applying for Nine Percent LIHTCs and the requested funding commitments are shown in Table 1 below. Additional background financing and project information is included in the HCID transmittal dated May 19, 2017.

The HCID further requests authority to negotiate and execute agreements with each of the five projects shown in the table below, that receives an award from the proposed leveraging source, for acquisition, predevelopment, construction and permanent loans in the amounts identified in Table 1, and to subordinate City loans and regulatory agreements. The HCID requests authority to transfer the City’s financial commitments to these projects to a legal entity formed for the sole purpose of owning and operating one of the projects in Table 1. Finally, the HCID requests authority to amend to agreements relative to the Taylor Yard Transit Village project to effectuate an amended development plan for the final phase of the project and to amend the loan term for the loan agreement with Taylor Yard Master Association. This Office concurs with the recommendations of the Department.

Table 1: Nine Percent LIHTC Projects Competing in CTCAC 2017 Round 2

Project	C.D.	Total No. of Units	No. of PSH Units	No. of Chronically Homeless Units	Previous HCID Grant Funding	Requested HCID Grant Funding	Total HCID Grant Funds
Hartford Villa (TOD)	1	101	100	25	\$ -	\$ 8,625,800	\$ 8,625,800
88th and Vermont (TOD)	8	62	46	23	-	1,900,000	1,900,000
Cielito Lindo Apartments Phase II (TOD)	14	29	14	0	450,000	-	450,000
Westmore Linden (TOD)	1	93	8	0	-	-	-
West Angeles City Place Senior Apartments (54th St Crenshaw)	8	70	0	0	-	1,985,000	1,985,000
TOTAL		355	168	48	\$ 450,000	\$ 12,510,800	\$ 12,960,800

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommended actions are in compliance with the City’s Financial Policies in that the requested funding commitments are fully supported by HOME Investment Partnership Program and Housing Opportunities for Persons with AIDS Program funds.

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to administrative responsibility for a Community Development Block Grant (CDBG) loan in the amount of \$1.5 million previously made for site acquisition and construction of the now infeasible Las Villas Project and the sale of the site to an affordable housing developer.

Recommendations for Council action, pursuant to Motion (Reyes – Garcetti):

1. AUTHORIZE the Chief Executive Officer, Community Redevelopment Agency (CRA), or designee, to assign responsibility to the Community Development Department (CDD) for the service payback loan of CDBG funds in the amount of \$1.5 million, originally provided to Multi Entertainment Family Center, Inc, for the development of the Las Villas Project, subject to the review of the City Attorney as to form and legality.
2. AUTHORIZE the General Manager, CDD, or designee, to:
 - a. Subordinate the assumed loan to a senior lender, subject to the review of the City Attorney as to form and legality.
 - b. Provide consent to an eligible buyer of the Las Villas Project site to assume loan obligations, subject to the review of the City Attorney as to form and legality.
 - c. Find that the new Project will comply with CDBG regulatory requirements by providing affordable housing to low and moderate income households upon development of affordable housing on the Project site.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted

Summary:

Motion (Reyes – Garcetti) reports that in 2001, Council authorized a CDBG loan in the amount of \$1.5 million for site acquisition and construction of the Villa Palacios Project, in Council District One (Council file No. 01-0012). The CRA was to act as the fiscal agent for this project and, as such, the CDD executed a contract with the CRA for this purpose. The CRA subsequently executed a loan of these CDBG funds to the Multi Entertainment Family Center, Inc, as a service payback loan for acquisition and development of the Villa Palacios Project, since renamed Las Villas.

The Motion further reports that Las Villas Project has faced protracted delays that have rendered it infeasible, and the developer now intends to sell the site to an affordable housing developer. The Motion asserts that because this project is not located in a Redevelopment Project Area, the CDD should now assume administrative responsibility for the CDBG loan in order to ensure that the resulting project complies with all Federal regulations.

At its regular meeting held July 8, 2009, the Housing, Community, and Economic Development Committee considered this matter and recommended that Council approve the recommendations contained within Motion (Reyes – Garcetti).

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
WESSON	YES
REYES	YES
GARCETTI	ABSENT
CARDENAS	YES
PERRY	YES

- Not Official Until Council Acts-

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