

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER



Date: February 27, 2018

CAO File No. 0220-00540-1267

Council File No. 13-0303-S10

Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department report dated February 16, 2018; Received by the City Administrative Officer on February 21, 2018; Additional Information Received through February 26, 2018

Subject: **REQUEST FOR AUTHORITY TO APPROVE AND RELEASE THE AFFORDABLE HOUSING MANAGED PIPELINE REGULATIONS AND OPEN THE 2018 CALL FOR PROJECTS; AND, VARIOUS ACTIONS RELATED TO THE APPROVAL TO ISSUE COMMITMENTS TO EXISTING MANAGED PIPELINE PROJECTS**

RECOMMENDATIONS

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

1. Replace page 3 of Attachment C of the related Housing and Community Investment Department (HCID) report dated February 16, 2018 (Report), and adopt Recommendation I as amended; and,
2. Adopt Recommendations II through X in the related Report.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to: 1) adopt and release the updated Affordable Housing Managed Pipeline (AHMP) Regulations included as Attachment C to the HCID transmittal dated February 16, 2018; 2) authorize HCID to solicit AHMP applications for the 2018 Call for Projects that can be scheduled for the 2018 and 2019 Pipeline calendar years; 3) implement an allocation schedule after the solicitation of applications that will include the authority to conduct up to two funding rounds for the AHMP Call for Projects; 4) issue Low Income Housing Tax Credits (LIHTC) Letters of Support for three projects currently in the AHMP and applying for LIHTC from the California Tax Credit Allocation Committee (CTCAC); and 5) issue Funding Commitments Letters to three projects currently in the AHMP. It should be noted that the Call for Projects document included in Attachment C of the Report reflects a 2016 Affordable Housing Managed Pipeline Master Calendar. HCID staff subsequently indicated that the Master Calendar should be updated to reflect the 2018 Master Calendar

(Attached).

The HCID further requests authority to negotiate and execute agreements with each of the five projects shown in Table 1 of the Report for acquisition, predevelopment, construction and permanent loans in the amounts identified in Table 1, and to subordinate City loans and regulatory agreements. Additionally, the HCID requests authority to transfer the City's financial commitments to the projects receiving HCID funding to a legal entity formed for the sole purpose of owning and operating one of those projects.

The HCID also requests authority to reduce the HOME Investment Partnership Program (HOME) and Housing Opportunities for Persons with HIV/AIDS (HOPWA) funding commitments for Hartford Villas because it will receive funding from the Proposition HHH Permanent Supportive Housing Loan Program. Finally, HCID requests authority to allow Community Redevelopment Agency of the City of Los Angeles loan funds for Florence Mills Apartments to stay in the project in order to cover unanticipated, reduced funding sources. This Office concurs with the recommendations of the Department, as amended.

Affordable Housing Managed Pipeline (AHMP) Regulations

The proposed revisions to the AHMP regulations: 1) are in alignment with the regulations of available federal, state, and/or local multifamily housing development funding programs and sources, including the Proposition HHH Permanent Supportive Housing Loan Program (Proposition HHH); 2) allow the HCID to introduce and implement policies consistent with the City's Affordable Housing priorities; 3) provide direction and guidance; and, 4) further enhance AHTF Pipeline Regulations and its processes.

The HCID reports that revising Admittance Terms and imposing deadlines for projects that are currently in the AHMP would allow projects that are unsuccessful in obtaining a funding commitment for their leveraging sources by the new deadlines, to be deemed infeasible and subsequently removed from the AHMP.

Additionally, the HCID reports that revising the competitive scoring criteria allows the Department to encourage organizations to apply to become a Community Housing Development Organization, which is currently underutilized for projects applying for HOME funds, and to focus on Qualified Census Tracts, which have become more of a focus for the U.S. Department of Housing and Urban Development and CTCAC.

AHMP Funding Commitments

The HCID is recommending \$9,398,492 in total commitments in new HOME funds. The projects receiving additional funding are Florence Mills in Council District (CD) 9, Flor 401 Lofts in CD 14, and McCadden Plaza Youth Housing in CD 4. The projects recommended for Letters of Support are Florence Mills in CD 9, Metro at Buckingham in CD 10, and Flor 401 Lofts. Hartford Villa in CD 1 already received a Letter of Support but is included in the HCID's transmittal due to changes in its funding allocations from multiple funding sources.

Timing

The five projects recommended for funding commitments and/or tax credit Letters of Support are applying for LIHTC from CTCAC in the 2018 Round 1 competition with a deadline of February 28, 2018.

The HCID reports that projects applying for the anticipated July Proposition HHH Call for Projects would need to be in the AHMP if the project is seeking additional funding from the Nine Percent LIHTC or other funding sources. The proposed AHMP Regulations anticipate the first Call for Projects in March 2018 with recommendations to the Council and Mayor for admitting projects into the AHMP in July 2018.

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 Affordable Housing Managed Pipeline commitments are fully funded by the HOME Investment Partnership Program funds, Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds, or the Proposition HHH Permanent Supportive Housing Loan Program bond proceeds.

RHL:EIC:02180078C

Attachment

**SECTION 1
GENERAL PROVISIONS**

Through this Call for Projects and the AHMP's 9% LIHTC Pipeline Management Plan, the Housing and Community Investment Department of Los Angeles (HCIDLA), intends to plan for, solicit, evaluate, select, rank, project-manage and fund (with its public funds and access to Low Income Housing Tax Credits or LIHTC) the rehabilitation, construction and preservation of multi-family rental housing to address the needs of low and very-low income households.

1.1 Funds Available and AHMP Master Calendar

Periodically, and as contained in the 9% LIHTC Pipeline Management Plan, at least twice per year the HCIDLA will make public a forecast of the estimated AHMP revenue available. The amount available for allocation will be determined by federal, State and/or local funding availability. Call for Projects Rounds will be released according to the AHMP Master Calendar as follows:

2016 2018 Affordable Housing Managed Pipeline Master Calendar

AHMP Year	Type of Deadline	CTCAC Application Year
CY 2016 2018		
Jan-2016 Sept 2017	Publish Draft HCIDLA Regulations	2018 2019
Jan-2016 Sept 2017	Public Comment Period	2018 2019
Apr-2016 Feb 2018	Council Approval of Regulations (applies to 1 st and 2 nd CFP)	2018 2019
May-2016 Mar 2018	1 st Call for Projects Opens	2018 2019
July-2016 Apr 2018	1 st Call for Projects – Application Deadline	2018 2019
Dec-2016 Jul 2018	1 st Call for Projects Approval	2018 2019
Nov-2016 Aug 2018	2 nd Call for Projects Opens	2018 2019
Jan-2017 Sept 2018	2 st Call for Projects – Application Deadline	2018 2019
June-2017 Dec 2018	2 nd Call for Projects - Approval	2018 2019

1.2 Housing Type

Also contained in the 9% LIHTC Pipeline Management Plan, at least twice per year the HCIDLA will determine what type of housing (target population, affordability, location,