

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 9, 2018

CAO File No. 0220-00540-1268

Council File No. 13-0303

Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated March 5, 2018; Received by the City Administrative Officer on March 6, 2018; Additional Information Received through March 8, 2018

Subject: **LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
REQUEST FOR AUTHORIZATION TO AMEND THE EXISTING FUNDING
COMMITMENTS FOR THREE AFFORDABLE HOUSING MANAGED PIPELINE
PROJECTS**

RECOMMENDATIONS

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

1. Amend Recommendation VIII of the Housing and Community Investment Department (HCID) transmittal (Report) dated March 5, 2018 relative to the authority to amend the existing funding commitments for three projects currently in HCID's Affordable Housing Managed Pipeline (AHMP), to also be subject to the review and approval of the City Administrative Officer (CAO) and instruct the Controller to implement the instructions, and adopt Recommendation VIII as amended; and,
2. Adopt Recommendations I through VII of the related Report.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue revised Low Income Housing Tax Credits (LIHTC) Letters of Commitment for two projects in HCID's Affordable Housing Managed Pipeline (AHMP) with existing funding obligations established during the California Tax Credit Allocation Committee's (CTCAC) 2017 Round 1. The HCID also requests authority to issue \$3,450,000 in additional HOME Investment Partnerships Program Fund (HOME) commitments to two projects in HCID's AHMP, obligating \$2,050,000 in HOME commitments to the Cielito Lindo Phase II Apartments while also de-obligating the existing \$450,000 from the Low and Moderate Income Housing Fund (LMIHF) and \$1,400,000 in HOME commitments to the West Angeles City Place Senior Apartments, to meet CTCAC construction financing closing deadlines. The de-obligated LMIHF funds will be made available to future qualifying projects. Additionally, the HCID has requested a \$1,000,000 increase to an existing HOME loan with The Fiesta (formerly The Campus at Los Angeles Family Housing) to

compensate for construction delays. AHMP funding commitment adjustments are shown in Table 1.

The HCID further requests authority to negotiate and execute agreements with each of the three projects shown in the table below for acquisition, predevelopment, construction and permanent loans in a total amount not to exceed \$4,450,000 as identified in Table 1, and to subordinate City loans and regulatory agreements. The HCID also requests authority to transfer the City's financial commitments for these projects to a legal entity formed with the sole purpose of owning and operating the project.

**TABLE 1:
Supplemental Funding Assistance Recommendations**

PROJECT NAME	CD	No. Units	No. PSH Units	Existing HCID Funds	Decrease Funds	New/ Additional HCID Funds	TOTAL HCID FUNDS
Cielito Lindo Apts Phase II	14	29	14	\$450,000	-\$450,000	\$2,050,000	\$2,050,000
West Angeles City Place Sr	8	70	7	\$1,985,000	--	\$1,400,000	\$3,385,000
The Fiesta (aka Campus at LA Family Hsg)	6	50	49	\$1,900,000	--	\$1,000,000	\$2,900,000
TOTAL		149	70	\$4,335,000	-\$450,000	\$4,450,000	\$8,335,000

The HCID General Manager requests authority to negotiate and execute amendments and reconveyances to existing loan agreements related to the Arminta Square Apartments. The amendments and reconveyances will include a change in the general partner, payment receipt not to exceed \$2,600,000, and a new City regulatory agreement restricting 17 units through the LIHTC regulatory term of 55 years. The existing general partner, which failed to meet project milestones, is requesting approval for the sale and transfer of the property to a new general partner to be approved by HCID in order to move the projects forward. The payment of \$2,600,000 will be applied towards the total pay-off of the existing HOME loan and the original Community Development Block Grant (CDBG) loan, and partially pay-off the CDBG accrued interest loan. The proceeds from the repayment will be returned to the AHMP to be made available to future qualifying projects. Finally, the HCID requests authority to write off loan loss from the Arminta Square Apartments CDBG accrued interest loan consisting of interest only in the approximate amount of \$590,000.

The original Recommendation VIII of the related Report includes the approval of the City Attorney as to form and legality, our recommendation excludes the City Attorney's review for technical correction. This Office concurs with the recommendations of the Department, as amended.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that Affordable Housing Managed Pipeline commitments are fully funded by the HOME Investment Partnerships Program Fund.

RHL:ICS:02180080C