

HOUSING COMMITTEE REPORT relative to issuing financial commitments and Low Income Housing Tax Credits (LIHTC) letters of support for Affordable Housing Trust Fund Pipeline projects.

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 issue:
 - a. A 9 percent LIHTC letter of support for each project listed below.
 - b. A financial commitment letter for each applicable project, subject to the following conditions, as follows:
 - i. That the final financial commitment not exceed the amount listed.
 - ii. That the project sponsor apply to California Tax Credit Allocation Committee (CTCAC) in the next 9 percent LIHTC allocation round.
 - iii. That the disbursement of funds will occur after the sponsor obtains enforceable commitments for all proposed funding.

<u>Project</u>	<u>Previous HOME Funding</u>	<u>Requested HOME Funding</u>	<u>Requested Other Funding</u>	<u>Total</u>
7th & Witmer Apartments		\$1,500,000.00		\$1,500,000.00
New Directions West Adams	\$2,600,000.00	2,000,000.00		4,600,000.00
Cielito Lindo Apts Phase II			\$450,000.00	450,000.00
Pico Robertson Senior Community		2,789,400.00		<u>2,789,400.00</u>
Metro at Western Westmore Linden				
Total:	\$2,600,000.00	\$6,289,400.00	\$450,000.00	\$9,339,400.00

- c. A financial commitment letter for each applicable project identified below, subject to the following conditions:
 - i. That the final financial commitment not exceed the amount listed.
 - ii. That the project sponsor apply in the next CTCAC and California Debt Limit

Allocation Committee (CDLAC) rounds for 4 percent LIHTC and tax-exempt bond allocations.

- iii. That the disbursement of funds will take place after the sponsor obtains enforceable commitments for all proposed funding.

<u>Project</u>	<u>Previous HOME Funding</u>	<u>Requested HOME Funding</u>	<u>Total</u>
PATH Metro Villas Phase II		\$6,200,000.00	\$6,200,000.00
Sun Valley Senior Veterans Apts			
			Total: \$6,200,000.00

- d. Negotiate and execute an acquisition / predevelopment / construction / permanent loan agreement with the legal owner of each project identified above that receives an award from the proposed leveraging source, subject to the satisfaction of all conditions and criteria stated in the HCIDLA application, the HCIDLA report to the Mayor dated February 8, 2017, and the HCIDLA commitment letter (if applicable), subject to the approval of the City Attorney as to form and legality.

- e. Allow the transfer of the City's financial commitment to a limited partnership or other legal entity formed solely for the purpose of owning and operating the project in accordance with City and federal requirements.

2. OBLIGATE HOME funds for the following projects:

<u>Project</u>	<u>Fund</u>	<u>Account No.</u>	<u>Title</u>	<u>Amount</u>
7th & Witmer	561/43	43M008	AHTF	\$1,500,000.00
Pico Robertson	561/43	43M008	AHTF	366,260.19
	561/43	43M010	AHTF-PY	557,564.81
	561/43	43N008	AHTF	1,865,575.00
New Directions	561/43	43M010	AHTF-PY	376,175.00
	561/43	43N008	AHTF	1,623,825.00
PATH Metro Villas II	561/43	43N008	AHTF	<u>6,200,000.00</u>
				Total: \$12,489,400.00

- 3. ESTABLISH a new account entitled 43N395 Adelante Eastside 1st Street and Soto Apts II within Low and Moderate Income Housing Fund 55J/43.

- 4. TRANSFER \$450,000 from Tax Exempt Restricted Cash to Unrestricted Cash, and appropriate therefrom to new account entitled 43N395 Adelante Eastside 1st Street and Soto Apts II, and obligate Low and Moderate Income Housing funds for the following project:

<u>Project</u>	<u>Fund</u>	<u>Account No.</u>	<u>Title</u>	<u>Amount</u>
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1st & Soto Apts II 55J 43N496 Adelante Eastside - 1st & Soto Apts II \$450,000.00

5. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with this action, subject to the approval of the City Administrative Officer (CAO); and AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The CAO reports that this action will not impact the General Fund. The above recommendations are in compliance with City financial policies in that Affordable Housing Trust Fund commitments are fully funded by HOME Investment Partnership Program funds.

Community Impact Statement: None submitted.

SUMMARY

In a report to the Mayor and Council dated February 14, 2017, the CAO states that HCIDLA requests authority to issue LIHTC letters of support for six projects applying for 9 percent LIHTCs, and two projects applying for 4 percent LIHTC in 2017 Round 1. HCIDLA also requests authority to issue \$12,489,400 in additional Affordable Housing Trust Fund commitments to three projects in the HCIDLA Pipeline which will apply for an allocation of Nine Percent LIHTC from the CTCAC 2017 Round 1, and for one project which will apply for an allocation of 4 Percent LIHTC from the CTCAC 2017 Round 1. Subsequent to releasing the February 8, 2017 report, HCIDLA requested to revise the source accounts for the AHTF funding commitments, which are reflected above.

The CAO goes on to report that HCIDLA further requests authority to negotiate and execute agreements with the eight projects listed above for acquisition, predevelopment, construction, and permanent loans, and to subordinate City loans and regulatory agreements. Finally, HCIDLA requests authority to transfer the City's financial commitments to the projects receiving HCIDLA funding to a legal entity formed for the sole purpose of owning and operating one of those projects. The CAO recommends approval of HCIDLA's requests.

At its meeting held February 15, 2017, the Housing Committee discussed this matter with representatives of HCIDLA and the CAO. The HCIDLA representative requested that an additional line item be added to the CAO recommendations to help fund a new 29-unit affordable housing project located at 2423-2432 East 1st Street. Committee recommended that Council approve the CAO's recommendations, as amended to include the amendment proposed by HCIDLA.

Respectfully Submitted,

HOUSING COMMITTEE

MEMBER
CEDILLO:

VOTE
YES 

KORETZ: ABSENT
HUIZAR: ABSENT
PRICE: YES
HARRIS-DAWSON: YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-