

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No. 13-0303

**FROM: COUNCILMEMBER PAUL KREKORIAN, CHAIR
COUNCILMEMBER BILL ROSENDAHL, MEMBER
BUDGET AND FINANCE COMMITTEE**

COMMUNICATION FROM CHAIR AND MEMBER, BUDGET AND FINANCE COMMITTEE relative to various actions related to the 2013 Affordable Housing Trust Fund (AHTF) Notice of Funding Availability (NOFA).

SUBMITS WITHOUT RECOMMENDATION, the following recommendations of the City Administrative Officer (CAO), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing Department (LAHD), or designee, to:
 - a. Issue the 2013 AHTF NOFA in substantial conformance with the document attached to the LAHD transmittal dated March 8, 2013 (attached to the Council file) with the proposed changes therein, and implement an allocation schedule that will include the authority to conduct up to three funding rounds.
 - b. Solicit applications for AHTF Round 1 in an amount not to exceed \$18 million in capital funding.
 - c. Authorize the solicitation of applications in subsequent AHTF funding rounds based on the approval of funds in the 2013-14 Consolidated Plan and City Budget.
 - d. Amend the AHTF NOFA as necessary to be consistent with income or geographic targeting requirements of any applicable leveraged funding sources which may be revised or become available during the 2013 calendar year.
 - e. Issue a Call for Projects for fully-funded affordable housing developments intending to compete in the Los Angeles City Geographic Region in the California Tax Credit Allocation Committee (TCAC) Round 2, which are in need of a City support designation.
 - f. Authorize LAHD, in its capacity as the Local Reviewing Agency for TCAC, to issue support designations exclusively to projects recommended through the AHTF Round 1 NOFA and Call for Projects, and oppose all other projects.
 - g. Amend the AHTF commitment for the Michael's Village project to reduce the number of LAHD-funded units from 32 to 24.
 - h. Amend the Neighborhood Stabilization Program (NSP) commitment for Taylor Yard Apartments to exchange \$2.8 million in NSP funds with HOME funds.
 - i. Amend the AHTF commitment for the Broadway Villas project to extend the term to December 31, 2013.

- j. Amend the AHTF Loan Agreement for Figueroa Apartments to include funding in the amount of \$200,000, in accordance with the Los Angeles Department of Water and Power (LADWP) Sustainable Design and Economic Development Guidelines.
- k. Prepare Controller instructions and any necessary technical adjustments, consistent with the Mayor and Council actions on these matters, subject to the approval of the CAO, and authorize the Controller to implement these instructions.

2. Authorize the City Controller to:

- a. Appropriate \$18 million from Non-Department General Fund No. 100/62, Revenue Source Code No. 3011, Property Tax-Current-Secured to F100/62, Account No. 00044G, Affordable Housing Trust Fund; and thereafter transfer a like amount to the Affordable Housing Trust Fund No. 44G/43, Account No. 43J441, GF-PSHP.
- b. Reallocate and expend funds for the previously approved Affordable Housing Trust Fund projects as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Acct Name</u>	<u>Amount</u>
From: Taylor Yard	52J	43F868	NSP2/ARRA Program Op.	\$2,800,000.00
To: Taylor Yard	561	43C212	AHTF	\$58,449.22
	561	43E212	AHTF	1,187.54
	561	43F212	AHTF	0.04
	561	43H212	AHTF	518,300.00
	561	43K007	AHTF	<u>2,222,063.20</u>
				\$2,800,000.00

- c. Allocate \$200,000 from the Figueroa Apartments Project, Fund 44G, Account No. 43T215, Account Name DWP; and expend the funds upon proper written demand from the General Manager, LAHD, or designee.
- d. Establish a new account and appropriate funds within the Affordable Housing Trust Fund No. 44G, Department 43 as follows:

<u>Account No.</u>	<u>Account Title</u>	<u>Amount</u>
43J441	GF-PSHP	\$18,000,000

- e. Expend funds not to exceed \$18,000,000 upon proper written demand of the General Manager, LAHD, or designee.

Fiscal Impact Statement Submitted: The CAO reports that there is an impact to the General Fund. If the recommendations in this report are approved, \$18 million would be transferred from the General Fund to the LAHD to fund the construction of at least 136 permanent supportive housing units in Los Angeles. The source of General Fund money is from Secured Property Tax receipts above the original revenue estimate. The recommendations comply with City Financial Policies in that one-time funding would be used for a one-time purpose.

Community Impact Statement: None submitted.

(Housing, Community and Economic Development Committee waived consideration of the above matter.)

Summary

At its meeting of April 1, 2013, the Budget and Finance (BF) Committee considered CAO and LAHD reports relative to various actions related to the 2013 AHTF NOFA. The LAHD requests approval of various actions including authority to: 1) issue the calendar year 2013 AHTF NOFA; 2) issue a Call for Projects to solicit proposals seeking support from the City in the upcoming California Tax Credit Allocation Committee (TCAC) nine percent Low Income Housing Tax Credits (UHTC) competition; and, 3) execute various actions related to the AHTF.

In addition, LAHD requests funding in the amount of \$18 million for the 2013 AHTF NOFA to be provided by a transfer from General Fund, Secured Property Tax receipts. The funds would be used to build at least 136 units of permanent supportive housing for the chronically homeless in Los Angeles to meet the target of 1,250 units established under the Jones Settlement Agreement in October 2007.

During BF Committee consideration, LAHD representatives provided an overview of the department's request and described the current opportunity available to leverage funding and resolve the liability of the Jones Settlement. Councilmember Rosendahl expressed enthusiasm and support for this affordable housing project and was hopeful that it would assist in addressing homeless issues in Venice. During Committee discussion, Councilmember Krekorian voiced concerns regarding the \$18 million impact to the General Fund and its effect on the budget deficit. Questions raised regarding alternative funding sources, a phased-in funding approach, the economic impact of the project including jobs created, price per unit, purchases of various goods, revenue to be generated from required permits and other related issues were discussed with the LAHD and CAO representatives. LAHD staff stated that the department would complete a report prior to further consideration which would provide additional information to address the concerns discussed during BF Committee.

After further consideration and having provided an opportunity for public comment, Councilmember Rosendahl recommended approval of the LAHD request and Councilmember Krekorian requested consideration of the LAHD's supplemental report prior to making a final recommendation. This matter is therefore forwarded to Council without recommendation.

Respectfully submitted,

PAUL KREKORIAN, Chair
BILL ROSENDAHL, Member
BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
ROSENDAHL:	YES
KORETZ:	ABSENT

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