

HOUSING COMMITTEE REPORT relative to Managed Pipeline projects for the Low Income Housing Tax Credit (LIHTC) First Round of 2014, and actions related to the Affordable Housing Trust Fund (AHTF).

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:
  - a. Issue a California Tax Credit Allocation Committee (CTCAC) 2014 Round 1 Letter of Support to the sponsors of the Gateway Apartments, LDK Apartments, Paloma Terrace, Selma Community Housing and the Marmion Way projects, subject to the condition that the project sponsors apply to the CTCAC in the allocation round authorized by the HCIDLA.
  - b. Issue a CTCAC 2014 Round 1 Letter of Conditional Support to the sponsor of the Taylor Yard Senior Housing TOD project, subject to the condition that the project sponsor applies to the CTCAC in the allocation round authorized by HCIDLA;
  - c. Issue an AHTF Letter of Commitment to the project sponsor of the LDK Apartments project in an amount not to exceed \$2,650,000, subject to the condition that the disbursement of AHTF funds take place after the sponsor successfully obtains the full tax credit allocation requested from the CTCAC.
  - d. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement for the LDK Apartments project, subject to the satisfaction of all conditions and criteria stated in the Managed Pipeline application, the HCIDLA transmittal, and the HCIDLA Letter of Commitment, subject to approval by the City Attorney as to form.
  - e. Execute subordination agreements for the LDK Apartments project, wherein the City loan and regulatory agreements are subordinated to their respective conventional construction and permanent loans.
  - f. Execute agreements allowing the transfer to and/or execution of the City loans by a limited partnership, to enable admittance of tax credit investors to the LDK Apartments project.
  - g. Use uncommitted HOME funds from prior years' accounts within Fund No. 561 first, if any, before current year funds and accounts, as needed, to close out old accounts for transactions related to this report.
  - h. Amend the Community Redevelopment Agency of Los Angeles (CRA/LA) predevelopment loan agreement for the Florence Mills project to extend the term of the loan to March 8, 2016.
  - i. Amend the CRA/LA predevelopment loan agreement for the LDK Apartments to extend the term of the loan to February 16, 2016.

- j. Prepare Controller Instructions and any necessary technical adjustment(s), consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement the instructions.
- k. De-obligate the funding for the following projects which received Letters of Commitment in prior actions (C.F. 13-0303):

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
Courtleigh Villas	561/43	43C212	AHTF	\$57,500
1st and Soto TOD Apartments	561/43	43C212	AHTF	<u>959,600</u>
				Total: \$1,017,100

- 2. AUTHORIZE the Controller to allocate and expend funds from the following fund and accounts for the project below, in accordance with the Initial Call for Project recommendations:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
LDK Apartments	561/43	43C212	AHTF	\$1,017,100
	561/43	43J007	AHTF	194,019
	561/43	43K008	AHTF	<u>1,438,881</u>
				Total: \$2,650,000

- 3. APPROVE the CAO recommendation to replace Attachment 1 of the HCIDLA report dated February 20, 2014, with Attachment A of the CAO report dated February 26, 2014.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund. Approval of the recommendations in this report authorizes the HCIDLA to issues Letters of Commitment to projects selected from the Managed Pipeline. Funding is available and provided from the Affordable Housing Trust Fund. The recommendations in this report comply with City Financial Policies in that a dedicated funding source will fully fund any projects selected through the California Tax Credit Allocation Committee 2014 Round 1 application process.

Community Impact Statement: None submitted

SUMMARY

At a regular meeting held on February 26, 2014, the Housing Committee considered a report from the HCIDLA dated February 20, 2014, and the CAO dated February 26, 2014, relative to approval to issue Letters of Support and Conditional Support for Managed Pipeline Projects for the LIHTC First Round of 2014; approval of the issuance of an AHTF Letter of Commitment and various actions related to the AHTF and other actions necessary to support the projects which are the subject of these letters; and authorization to negotiate an Exclusive Negotiation Agreement (ENA) for the Casa de Rosas project.

A representative of the CAO addressed the Committee and reported that in January 2014, the

Mayor and Council approved the first 19 projects to be included in the Affordable Housing Managed Pipeline of projects proposed by HCIDLA (Council file [C.F.] No. 13-0303-S1). As a result of that process, the HCIDLA is requesting six projects be recommended for Letters of Commitment, as well as several other requests such as: providing up to \$2.6 million in funding from the AHTF for one of the six projects (LDK Apartments project), extension of the predevelopment contract terms for two of the six projects (Florence Mills and LDK Apartments projects, former Community Redevelopment Agency of Los Angeles [CRA/LA] properties) for two years, and authorization to de-obligate previously earmarked funds for two projects that were not selected for tax credits (Courtleigh Villas and 1st and Soto TOD Apartments projects). The CAO concurred with the majority of the recommendations in the HCIDLA report, however with the changes as detailed in the CAO report dated February 24, 2014, attached to the C.F. No. 13-0303 and read into the record.

A representative of the HCIDLA addressed the Committee and requested to amend the recommendations in the HCIDLA report dated February 20, 2014 (attached to C.F. No. 13-0303) to remove Recommendation No. 2J relative to negotiating an ENA with Clifford Beers (Developer) for the development of the Casa De Rosas project on a vacant property located at Adams and Hoover. The HCIDLA representative reported that this property was a former CRA/LA property for which the CRA/LA had previously selected a Developer and obtained CRA/LA Board and Council approval. However, the CRA/LA was dissolved before an ENA could be executed. When the HCIDLA subsequently took control of the property, it was determined that the Developer needed additional time to perform outreach to address concerns expressed by the community. The Housing Committee Member representing the Ninth District (in which the subject property is located) moved to approve the amendment of the HCIDLA report to remove Recommendation No. 2J. The CAO also concurred with this amendment.

After providing an opportunity for public comment, the Committee approved the recommendations in the HCIDLA report as amended by the CAO and the HCIDLA. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
FUENTES:	YES
WESSON:	ABSENT
BUSCAINO:	ABSENT
PRICE:	YES

REW  
2/27/14  
CF 13-0303

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**