

HOUSING COMMITTEE REPORT relative to request for authority to issue commitments and support letters to existing managed pipeline projects applying to the California Tax Credit Allocation Committee (CTCAC) in 2018 Round 2.

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 funding commitment letter for each applicable project identified in Table 1 of the June 5, 2018 HCIDLA report, attached to the Council file, subject to the following conditions:
  - i. The final funding commitment will not exceed the amount listed.
  - ii. The project sponsor must apply to the CTCAC in the next available Low Income Housing Tax Credits (LIHTC) allocation round.
  - iii. The disbursement of HCIDLA funds will occur only after the sponsor obtains enforceable commitments for all proposed funding.
- b. Issue a nine percent LIHTC Letter of Support for each project identified in Table 1 of the June 5, 2018 HCIDLA report, attached to the Council file.
- c. Increase the existing funding commitments for each applicable project identified in Table 2 of the June 5, 2018 HCIDLA report, attached to the Council file, subject to the conditions listed in the existing loan agreements.
- d. Negotiate and execute acquisition, pre-development, construction, permanent loan agreements, subject to review and approval of the City Attorney as to form, with the legal owner of each applicable project identified in Tables 1 and 2 of the June 5, 2018 HCIDLA report, attached to the Council file, that receives an award from the proposed leveraging source, subject to the satisfaction of all conditions and criteria contained in the HCIDLA Pipeline application, this transmittal, and the HCIDLA Award Letter (if applicable).
- e. Execute subordination agreements for each applicable project identified in Tables 1 and 2 of the June 5, 2018 HCIDLA report, attached to the Council file, wherein the City Loan and Regulatory Agreements are subordinated to their respective conventional or municipally funded construction and permanent loans, as required.
- f. 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. AUTHORIZE the Controller to:

- a. Establish a new account 43P675 - Rolland Curtis East within the Rental Housing Production Fund No. 307/43 and appropriate \$1,000,000 from the available cash balance.

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Amount</u>
Rolland Curtis East	307/43	43P675	<u>\$1,000,000</u>
			Total \$1,000,000

- b. Establish a new account 43P681 - 433 Vermont Apartments within the Low and Moderate Income Housing Fund No. 55J/43 and appropriate \$1,500,000 from the available cash balance.

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Amount</u>
433 Vermont Apartments	55J/43	43P681	<u>\$1,500,000</u>
			Total \$1,500,000

- c. Obligate Home Investment Partnerships Program (HOME) funds for the projects listed below:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Amount</u>
King 1101	561/43	43P008	\$200,000
Rolland Curtis East	561/43	43P008	<u>\$400,000</u>
			Total \$600,000

3. AUTHORIZE the General Manager, HCIDLA, or designee, to:

- a. Issue a Letter of Support for the Alternate Project, Arminta Square, if one of the other two projects in Table 1 of the June 5, 2018 HCIDLA report, attached to the Council file, no longer applies for Low Income Housing Tax Credits under the City of Los Angeles Geographic Set-Aside due to a lack of State funding.
- b. Prepare Controller instructions and make any necessary technical adjustments consistent with Mayor and City Council action on this matter, subject to approval of the City Administrative Officer (CAO); and, authorize the Controller to implement the instructions.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund. The recommendations contained in the June 12, 2018 CAO report, attached to the Council file, 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, Low and Moderate Income Housing Fund, and Rental Housing Production Fund.

Community Impact Statement: None submitted.

Summary:

On June 13, 2018, your Committee considered June 12, 2018 CAO and June 5, 2018 HCIDLA reports relative to request for authority to issue commitments and support letters to existing managed pipeline projects applying to the CTCAC in 2018 Round 2. According to the CAO, the HCIDLA is requesting authority to issue Low Income Housing Tax Credits (LIHTC) Letters of Support for two projects in HCIDLA's Affordable Housing Managed Pipeline (AHMP) applying for Nine Percent LIHTC, and a new Funding Commitment Letter for \$1,500,000 in Low and Moderate Income Housing Fund commitments for one existing project in the AHMP applying for Nine Percent LIHTC in the CTCAC 2018 Round 2.

Additionally, the HCIDLA is requesting authority to issue \$600,000 in additional HOME Investment Partnerships Program Fund commitments totwo projects in the HCID's AHMP, and \$1,000,000 in Rental Housing Production Fund commitments to one project in the HCID's AHMP to address increased costs related to delays and other circumstances. Subsequent to releasing their Report, the HCID requested to revise their recommendations to state that the alternate project applying under the City of Los Angeles Geographic Set-Aside (Arminta Square) will get a Letter of Support if one of the other two projects drops out of the AHMP due to not receiving State funding, which are reflected in the CAO's recommendations.

The HCIDLA reports that State funding results are expected on June 18, 2018. The HCIDLA is further requesting authority to negotiate and execute agreements with each of the eight projects shown in Tables 1 and 2 of the HCIDLA report for acquisition, predevelopment, construction and permanent loans in the amounts identified in Tables 1 and 2, and to subordinate City loans and regulatory agreements. The HCIDLA is also requesting 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 CAO concurs with the recommendations of the HCIDLA, as amended.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the June 12, 2018 CAO report, as amended, and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	YES

ARL

6/13/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-