

HOUSING COMMITTEE REPORT relative to the issuance of financial commitments and/or tax credit letters of support for seven Affordable Housing Trust Fund (AHTF) Pipeline projects, and related actions.

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 9 percent tax credit letter of support for each project identified in Table 1 of the HCIDLA report to the Mayor dated February 11, 2016.
  - b. Issue an AHTF financial commitment letter for each applicable project identified in Table 1 of the HCIDLA report, subject to the following conditions:
    - i. That the final AHTF financial commitment not exceed the amount listed.
    - ii. That the project sponsor apply to the California Tax Credit Allocation Committee (CTCAC) in the next 9 percent Low Income Housing Tax Credits allocation round.
    - iii. That the disbursement of AHTF funds will occur after the sponsor obtains enforceable commitments for all proposed funding.
  - c. Issue an AHTF financial commitment letter for each applicable project identified in Table 2 of the HCIDLA report, subject to the following conditions:
    - i. That the final AHTF 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 Low Income Housing Tax Credits and tax-exempt bond allocations.
    - iii. That the disbursement of AHTF funds will take place after the sponsor obtains enforceable commitments for all proposed funding.
  - d. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement with the legal owner of each project identified in Tables 1 and 2 of the HCIDLA report that receives an award from the proposed leveraging source, subject to the satisfaction of all conditions and criteria stated in the AHTF application, the HCIDLA report, and the HCIDLA letter of commitment (if applicable); subject to the approval of the City Attorney as to form and legality.
  - e. Execute subordination agreements for each of the projects in Tables 1 and 2 of the HCIDLA report, 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.
- g. Decrease the total number of units for the PATH Metro Villas I project from 68 to 65.
- h. De-obligate funds from the following project:

<u>Project</u>	<u>Fund/Dept No.</u>	<u>Account Title</u>	<u>Amount</u>
King 1101	44G/43	43E213 McKinney Bond Proceeds	\$10,000

- i. Obligate new HOME funds for each project listed below:

<u>Project</u>	<u>Fund/Dept No.</u>	<u>Account Title</u>	<u>Amount</u>
2016 CTCAC Round 1 - 9% LIHTC Applicant:			
King 1101	561/43	43M008 AHTF	\$2,190,000
Total - 2016 CTCAC Round 1 - 9% LIHTC Applicants			\$2,190,000
2016 CTCAC and CDLAC 4% LIHTC and Bond Applicants:			
PATH Metro Villas I	561/43	43L212 AHTF-PI	\$5,589,548
El Segundo Apartments	561/43	43L212 AHTF-PI	\$3,134,322
El Segundo Apartments	561/43	43M008 AHTF	\$865,678
Total - 2016 CTCAC and CDLAC 4% LIHTC and Bond Applicants			\$9,589,548
Total - All Projects			\$11,779,548

- 2. AUTHORIZE the Controller to appropriate funds in Fund 561/43 Account 43L212 (Affordable Housing Trust-PI) on as needed basis, as program income is received from the Paseo at Californian, Winnetka Senior Apartments, and LDK Senior Apartments, in an amount not to exceed \$8,723,870.
- 3. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the City Administrative Officer; and AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The HCIDLA reports that this action will not impact the General Fund. The above recommendations will authorize the HCIDLA to fund 419 affordable housing units and issue new or additional commitments in HOME funds totaling \$11,779,548.

Community Impact Statement: None submitted.

**SUMMARY**

In a report to the Mayor dated February 11, 2016, HCIDLA requests authority to issuance of

financial commitments and/or tax credit letters of support for seven AHTF Pipeline projects, and the approval of related actions. HCIDLA states that a total of seven Pipeline projects will apply for state leverage financing in March 2016. Four of these will request 9 percent Low Income Housing Tax Credits from CTCAC. Three projects will request 4 percent Low Income Housing Tax Credits from CTCAC and tax-exempt bond allocations from CDLAC. Of the seven aforementioned projects, HCIDLA requests approval to issue \$11,779,548 in new or additional AHTF financial commitments to three projects. The additional funds consist entirely of HOME Investment Partnerships Program funds, which will be allocated to the Permanent Supportive Housing project applying for 9 percent Low Income Housing Tax Credits and two projects applying for 4 percent Low Income Housing Tax Credits and tax-exempt bond allocations.

The HCIDLA report goes on to discuss the various projects and their funding amounts. According to the Department, the CTCAC application deadline for 2016 Round 1 is March 2, 2016. The CDLAC deadline is March 18, 2016.

At its special meeting held February 24, 2016, the Housing Committee discussed this matter with HCIDLA staff. The Department representative stated that over \$26 million will be made available to help finance the projects. In total, 419 new units of affordable housing will be constructed, comprised of units for large families, seniors, veterans, and homeless and chronically homeless persons. The Housing Committee recommended that Council approve HCIDLA's recommendations.



Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
FUENTES:	YES
HUIZAR:	ABSENT
PRICE:	YES
HARRIS-DAWSON:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**