

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: October 20, 2017

CAO File No. 0220-00540-1255

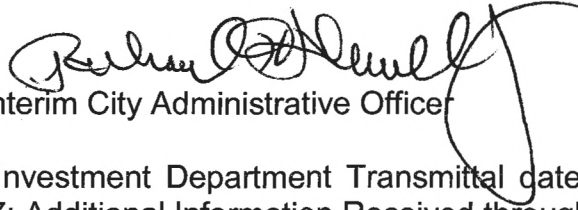
Council File No. 16-0677;

17-0038

Council District: Citywide

To: The Mayor  
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated October 4, 2017; Received October 10, 2017; Additional Information Received through October 19, 2017

Subject: **REQUEST FOR AUTHORITY TO APPROVE SEVEN NEW PROJECTS INTO THE AFFORDABLE HOUSING MANAGED PIPELINE AS A RESULT OF THE SEPTEMBER 2016 CALL FOR PROJECTS AND OTHER APPLICABLE AGREEMENTS; AND, VARIOUS ACTIONS RELATED TO THE MANAGED PIPELINE**

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### RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt Recommendations A through E, and Recommendation G through J included in the related Housing and Community Investment Department (HCID) report dated October 4, 2017 (Report);
2. Amend Recommendation F of the related Report to be subject to the review and approval of the City Attorney as to form and legality, and adopt Recommendation F as amended; and,
3. Amend Recommendation K of the related Report to reflect a cost savings amount of \$2,585,183, and adopt Recommendation K as amended.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to: 1) admit six new projects as a result of the September 2016 Call for Projects, and one additional project as a result of a Mutual Release and Settlement Agreement, into the Affordable Housing Managed Pipeline (AHMP); 2) amend and increase funding commitment for the Rampart Mint Apartments, currently in the AHMP, from \$3,110,060 to \$4,750,060; 3) issue Low Income Housing Tax Credits (LIHTC) Letter of Support for the SP7 Apartments, currently in the AHMP; and, 5) accept cost savings of the Blossom Plaza project in the amount of \$2,858,183 as pay down towards the principal balance of HCID's \$5,300,000 loan to be applied directly to the principal balance, and not accrued interest. Subsequent to issuing their report, the HCID confirmed that the total cost savings for Blossom Plaza to be applied toward the outstanding loan should be \$2,585,183. The projects recommended for admittance in the AHMP are in Table 1 below.

The HCID further requests authority to negotiate and execute agreements with the owners of the Rampart Mint Apartments and the SP7 Apartments for acquisition, predevelopment, construction and permanent loans, and to subordinate City loans and regulatory agreements. Finally, the HCID requests authority to transfer the City’s financial commitments to the two projects to a legal entity formed for the sole purpose of owning and operating them. This Office concurs with the recommendations of the Department, as amended.

Projects for AHMP

There are currently 51 projects in the AHMP. A brief history of the AHMP and projects is included in HCID’s Report. The HCID proposes to issue Admittance letters to seven new projects listed in Table 1 below. The projects will result in the addition of 562 affordable rental housing units, of which 292 units will be for permanent supportive housing (PSH). The balance of the units will be for low-income, larger families. The HCID will return to Council at a later time to request authority to issue financial commitments for the seven new projects.

**Table 1: September 2016 Call for Projects Recommendations for Admittance into the Affordable Housing Managed Pipeline**

Project	Council District	No. of Units	No. of PSH Units
Sun Commons	2	100	49
433 Vermont	10	72	36
LAMP Lodge	14	82	81
Jordan Downs Phase 2B	15	80	0
FLOR 401 Lofts	14	99	52
Anita May Rosenstein Center/McCadden Plaza (TAY)	4	26	49
Metro at Buckingham*	10	103	25
	<b>TOTAL</b>	<b>562</b>	<b>292</b>

\*Included due to March 15, 2016 Mutual Release and Settlement Agreement

Source of Funds

The HCID is requesting to commit Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds to meet identified funding gaps for the following projects: 1) \$1,640,000 for Rampart Mint Apartments and 2) \$3,000,000 for SP7 Apartments.

Blossom Plaza Cost Savings

The current outstanding interest on the loan to Blossom Plaza is \$614,514. By applying the \$2,585,183 cost savings as a repayment toward the outstanding principal balance of \$5,300,000, the outstanding loan amount balance will be reduced to \$2,714,817. The proceeds from the repayment will be returned to the AHMP to be made available to future qualifying projects. The current

outstanding interest of \$614,514 will still be due, and subsequent interest will accrue based on the new principal balance.

### **FISCAL IMPACT STATEMENT**

There is not impact to the General Fund. The recommended actions are in compliance with the City's Financial Policies in that Affordable Housing Managed Pipeline (AHMP) commitments are fully funded by the Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds. The HCID will return to Council at a later time to request authority to issue financial commitments for the seven new projects admitted into the AHMP.

*RHL:EIC:02180034C*