

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808
housing.lacity.org

Karen Bass, Mayor

January 25, 2023

Council File: 18-0444
Council Districts: 8
Contact Persons: Dianne Mattingly (213) 808-8983
Daniel Huynh: (213) 808-8901

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO ADOPT THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT (“TEFRA”) RESOLUTION AND TEFRA MINUTES; TO REISSUE A TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE NOTE IN THE AMOUNT OF \$22,597,935; TO ISSUE A SUPPLEMENTAL TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE NOTE IN THE AMOUNT UP TO \$2,259,793; AND TO EXECUTE RELATED FINANCING DOCUMENTS FOR HOPE ON HYDE PARK, A SUPPORTIVE AND AFFORDABLE HOUSING PROJECT

SUMMARY

The General Manager of the Los Angeles Housing Department (“LAHD”) respectfully requests authority to reissue the \$22,597,935 tax-exempt multifamily conduit revenue note (the “Original Governmental Note”), and issue a supplemental tax-exempt multifamily conduit note (the “Supplemental Governmental Note”) in the amount not to exceed \$2,259,793 for the Hope on Hyde Park Apartments (“Project”). The Project, consisting of 98 residential units located at 6501 Crenshaw Boulevard, Los Angeles, CA 90043, in Council District 8, is being developed by Hope Street Development Group, LLC. The Project has a total per-unit development cost of \$753,657 and a per-unit HHH subsidy of \$94,694. The California Debt Limit Allocation Committee (“CDLAC”) has designated March 6, 2023 as the supplemental bond/note issuance deadline date. The Project has experienced delays in the construction process due to unforeseen construction delays and cost increases. The \$2,259,793 supplemental tax-exempt note proceeds are needed to ensure that the Project is completed.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. CONSIDER the TEFRA Hearing Minutes, provided as Attachment A to this report, held on September 29, 2022;
 - B. ADOPT the Resolution, provided as Attachment B to this report, approving and authorizing the reissuance

of \$22,597,935 in tax-exempt multifamily conduit revenue notes and the issuance of up to \$2,259,793 in tax-exempt multifamily conduit revenue note for the development of the Project; and,

- C. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute the relevant financing documents for the Project, subject to the approval of the City Attorney as to form.

BACKGROUND

Project Summary

The development is located at 6501 Crenshaw Boulevard, Los Angeles, CA 90043 in Council District 8. Construction of the Project entailed the demolition of a commercial structure, with one tenant, who was relocated with benefits paid by the seller prior to commencement of construction. The Project is constructed as a five story type IIB structure, with a concrete podium and 4 levels of steel modular units constructed offsite. The ground floor will have enclosed parking, office space for dedicated case management employees, meeting rooms, ancillary commercial space, and the apartment lobby. Most residential units will start on the second floor and be secured from public access. The property will include two elevators and two interior staircases.

The 98 units are comprised of 74 studio units, 23 one-bedroom units and a one-bedroom manager's unit. All residential units will be fully Americans with Disabilities Act ("ADA") adaptable. The affordable units will include a living area, kitchen, and bath. Kitchens will be equipped with a stove, refrigerator, and microwave oven. All units will be furnished with a bed, nightstand and lamp, small kitchen table, two chairs and a ceiling fan. Additional amenities will include secure building access, laundry facility, community room, computer room, mail room, office space for case management and services, interior courtyard, and a lobby. All of the 97 affordable housing units will be targeted to households at or below 50% of Area Median Income ("AMI") and will be reserved for persons experiencing homelessness and chronically homeless people.

Financing History

On December 30, 2019, LAHD executed an inducement letter in an amount not to exceed \$23,285,000. The letter evidenced the official intent of the City of Los Angeles ("City") to issue its bond(s) or note(s) for the development. The letter was executed pursuant to previous authority granted to LAHD by the City Council and Mayor (C.F. No. 04-2646). On January 21, 2020, on behalf of Hope on Hyde Park, LP ("Borrower"), LAHD submitted a bond application to the California Debt Limit Allocation Committee ("CDLAC") requesting \$22,597,935 bond allocation.

On February 13, 2020, a Tax Equity Fiscal Responsibility Act ("TEFRA") of 1982 Resolution was approved by the City Council and the Mayor (C.F. No. 18-0444). The TEFRA Resolution summarized that a public hearing was publicized, took place, and the hearing minutes were provided to the City Council and the Mayor. Evidence of the TEFRA process was supplied to CDLAC in time to meet CDLAC's February 17, 2020 TEFRA evidence due date. On April 14, 2020, CDLAC awarded the \$22,597,935 bond allocation and required that the bond(s) or note(s) be issued by October 27, 2020. On February 1, 2021 the Project closed its construction loan between the Borrower and CIT Bank, N.A. ("CIT") ("Lender"). Since the closing of the Original Governmental Note, the Project experienced significant cost increases and extensive rain damage to the structure which is reimbursable through insurance.

Seeking additional funding as a result of increased project costs, on August 19, 2022, LAHD executed a revised inducement letter in an amount not to exceed \$30,000,000 in total bond or note funding. Per the TEFRA requirements, on September 29, 2022, a TEFRA hearing was held for the reissuance of the tax-exempt note and issuance of the supplemental tax-exempt note. The TEFRA Resolution is combined with the Bond Reissuance and Supplemental Resolution for approval by the City Council and the Mayor. The Bond Resolution summarizes that a public hearing was publicized, took place, and the hearing minutes are provided to the City Council and the Mayor.

A reissuance of the Original Governmental Note is needed because the Borrower requested an extension leading to substantial modifications of the terms of the Original Governmental Note. Such changes trigger reissuance per the Internal Revenue Service (“IRS”) reissuance regulations. In connection with the reissuance, the original construction and permanent loan agreements will be amended.

The Borrower has proposed a revised budget which adds approximately \$28,100,000 to the initial Project Total Development Cost (“TDC”). However, \$21,723,815 of the increased TDC is directly related to substantial property casualty in the form of rain damage to the Project. Remediation of damage to new structures, and prevention of further damage required extensive reconstruction effectuating approximately \$20,000,000 in construction hard costs. Insurance proceeds will cover the majority of these costs, however, non-construction hard costs, such as insurance deductibles and costs related to delays impacting the Project construction schedule, are not covered by insurance proceeds and have increased the original TDC. Additionally, the per-unit cost of \$753,657, is artificially inflated as a direct cause of the property casualty event. Of the \$753,657 per unit cost, \$221,672 is insurable casualty cost.

The Supplemental Governmental Note has been requested to address the uncontrollable and unforeseeable project cost increases. The increased TDC directly impacts the portion of the project financed with tax-exempt debt, forcing the project to fall below the 50% threshold, effecting a potential breach of the CDLAC rule 42(h)(4)(B). If a breach were to occur, the Project would risk losing more than fifty percent of its total tax credits (in excess of \$9,000,000). Therefore, on August 25, 2022 on behalf of the sponsor, the City submitted a supplemental bond application to CDLAC requesting \$2,259,793, or 9.9% of the original \$22,597,935 bond allocation. The addition of the proceeds of the Supplemental Governmental Note prevents a breach by allowing “50 percent or more of the aggregate basis of any building and the land on which the building is located” to be financed with tax exempt debt. Note that the proceeds from insurance are deemed a reduction in the overall basis of the project and are therefore excluded from the calculation. Full remediation of the damaged portion of the Project has now been completed, and the Project is scheduled for construction completion in April 2023.

On July 20, 2022, CDLAC awarded the Project the supplemental tax-exempt bond allocation in the amount of \$2,259,793. This allocation is a portion of the 2022 State Ceiling on Qualified Private Activity Bonds. CDLAC has designated March 6, 2023 as the supplemental bond/note issuance deadline. With the supplemental bond allocation, the total allocated amount is \$24,857,728.

Sources and Uses

Tables 1, 2, and 3, below, provide a summary of the sources and uses for the Project, including cost per unit and cost category percentages. The total development cost per unit for the project is \$753,657.

TABLE 1 – CONSTRUCTION SOURCES			
Construction	Total Sources	Per Unit	% Total
Tax-exempt Loan – CIT Bank	\$22,597,935	\$230,591	31%
Tax-exempt Supplemental Loan – CIT Bank	\$2,259,793	\$23,059	3%
LAHD – HHH Loan	\$9,280,000	\$94,694	13%
LAHD – HHH Accrued Deferred Interest	\$352,977	\$3,602	0%
Taxable Loan – CIT Bank	\$2,402,065	\$24,511	3%
Costs Deferred Until Completion	\$4,077,552	\$41,608	6%
Deferred Developer Fee	\$2,450,000	\$25,000	3%
4% Tax Credit Limited Partner Equity	\$8,714,000	\$88,918	12%
GP Equity	\$210	\$2	0%
Projected Insurance Proceeds	\$21,723,815	\$221,672	29%
TOTAL	\$73,858,347	\$753,657	100%

TABLE 2 – PERMANENT SOURCES			
Permanent	Total Sources	Per Unit	% Total
Permanent Tax-exempt Loan - Berkadia	\$20,000,000	\$204,082	27%
LAHD – HHH Loan	\$9,280,000	\$94,694	13%
LAHD – HHH Accrued Deferred Interest	\$46,527	\$475	0%
California State Credit Equity	\$4,268,000	\$43,551	6%
Deferred Developer Fee	\$24,128	\$246	0%
4% Tax Credit Limited Partner Equity	\$18,515,667	\$188,935	25%
GP Equity	\$210	\$2	0%
Insurance Proceeds	\$21,723,815	\$221,672	29%
TOTAL	\$73,858,347	\$753,657	100%

TABLE 3 – USES OF FUNDS			
Uses of Funds	Total Uses	Per Unit	% Total
Acquisition Costs	\$3,500,000	\$35,714	5%
Construction Hard Costs	\$33,723,310	\$344,115	46%
Architecture & Engineering	\$2,707,570	\$27,628	4%
Construction Interest Fees and Expenses	\$4,083,098	\$41,664	6%
Permanent Financing Costs	\$282,850	\$2,886	0%
Total Hard Contingency Costs	\$771,500	\$7,872	1%
Total Soft Contingency Costs	\$600,300	\$6,126	1%
Legal Costs	\$741,465	\$7,566	1%
Capitalized Reserves	\$867,500	\$8,852	1%
Permits and Local Fees	\$726,196	\$7,410	1%
Developer Fee	\$2,500,000	\$25,510	3%
Other Project Costs	\$1,630,743	\$16,640	2%
Insurable Casualty	\$21,723,815	\$221,672	29%
TOTAL	\$73,858,347	\$753,657	100%

Affordability Restrictions

Pursuant to the City of Los Angeles' Affordable Housing Bond Policies & Procedures ("AHBPP") for Private Activity Bonds for Multifamily Rental Properties, approved September 24, 2019, the Project must provide long-term affordable housing in the City of Los Angeles. Therefore, in connection with the issuance of the Original Governmental Note, one or more Bond Regulatory Agreements were executed and recorded on February 1, 2021, instrument No. 20210178667 in the official records of the Los Angeles County Recorder's Office. The Bond Regulatory Agreement includes affordability restrictions throughout a term ending no sooner than the later of: 1) 15 years after the date on which 50% of the dwelling units are first occupied; 2) the date such bond(s) or notes(s) are paid in full; or, 3) the date on which any Section 8 assistance terminates, if applicable. In addition to the above, the bond award includes a CDLAC Resolution, which requires that the Project's affordable housing units remain affordable for 55 years.

Additionally, on April 14, 2020, the Project was awarded an allocation of 4% Low Income Housing Tax Credit from the California Tax Credit Allocation Committee ("CTCAC"). On September 14, 2020, the City Council and Mayor approved this Project for Proposition HHH Permanent Supportive Housing Loan Program funding ("HHH", see C.F. No. 17-0090-S15; City Contract Number C-137847). As a condition of the HHH award, the project will have affordability restrictions for a term of 55 years. Per CDLAC, affordability restrictions mean that for at least 55 years at least 40% of the units have to be rented at or below 60% of the area median income. Please see Table 4, below, for the specific affordability restrictions.

Of the 98 total units, 97 of the units will be reserved for persons experiencing homelessness and chronic homelessness at or below 50% of Area Median Income ("AMI"). Table 4, below, provides a summary of the project unit mix, pursuant to the CDLAC Resolution.

Unit Type	Units at or below 50% AMI	Un-restricted (Manager's Unit)	Total Number of Units
Studio	74	-	74
One-Bedroom	23	1	24
Total	97	1	98

Development Team

The Borrower/Sponsor is Hope on Hyde Park, LP, a California limited partnership, which is comprised of Aedis Hyde Park AGP, LLC, a California limited liability company, as the Administrative General Partner ("AGP") with a .0051% of ownership, Riverside Charitable Corporation, a California nonprofit corporation, the Managing General Partner ("MGP") with .0039% of ownership, RBC Community Investment ("RBC") the tax credit investor Limited Partner ("LP") with 99.9% of ownership and, RBC Community Investment Manager II, Inc. the Special Limited Partner ("SLP") with .001% of ownership. The MPG together with the AGP, are the General Partners.

The AGP is comprised of Aedis Real Estate Group, Inc., and LSA Capital, Inc. Scott Baldrige is President, Chief Executive Officer, Secretary and Chief Financial Officer of Aedis Real Estate Group, Inc., and David Iskowitz is President, Chief Executive Officer, Secretary, and Chief Financial Officer of LSA Capital, Inc.

The MGP's key staff members are Kenneth S. Robertson, Chief Executive Officer; Stewart Hall, Chief Financial Officer; and Craig Gillet, Secretary.

The Borrower is in compliance with LAHD's Business Policy (C.F. No. 99-1272). The Developer is Hope Street Development Group, LLC, California limited liability company, and its principals have been involved in the development of 25 projects consisting of a total of 5,000 over a period of 20 years.

Borrower: Hope on Hyde Park, LP
6230 Wilshire Boulevard, Suite 830
Los Angeles, CA 90048
Phone: (310) 777-1800
Contact: David Iskowitz

Developer: Hope Street Development Group, LLC
4 Vista De San Clemente
Laguna Beach, CA 92651
Phone: (714) 345-9909
Contact: Scott Baldrige

Architect: KTG Y Group, Inc.
17911 Von Karman Avenue, Ste. 200
Irvine, CA 92614
Phone: (949) 851-2133
Contact: Keith Labus

Attorney: Hobson, Bernardino + Davis LLP
6060 Center Drive, Floor 10
Los Angeles, California 90045
Phone: (213) 235-9191
Contact: Jason A. Hobson, Esq.

General Contractor: Hoffman Management and Construction Corporation
984 McGarry Street, Suite 101
Los Angeles, California 90021
Contact: Joseph Yazbeck
Phone: (323) 434-3012

Property Manager: FPI Management
3187 Red Hill Avenue
Costa Mesa, CA 92626
Phone: (714) 641 - 5110
Contact: June Valle, Senior Vice President

Tax Credit Investor: RBC Community Investments LLC

9788 Wexford Circle
Granite Bay, CA 95746
Phone: (916) 790-0246
Contact: Stacie Altmann, Regional Director – West

Financial Structure

The City, as Issuer, previously issued the Original Governmental Note in the amount not to exceed \$22,597,935, which was privately-placed and held by CIT Bank, N.A. (“CIT”) (“Lender”). The City will now issue the Supplemental Governmental Note in an amount not to exceed \$2,259,793, resulting in a total tax-exempt principal amount not to exceed \$24,857,728. The City, as Issuer, will issue the Supplemental Governmental Note which will be unenhanced and unrated but will be subject to the City’s AHBPP. The Supplemental Governmental Note will be privately-placed and initially held by CIT. The Lender will fund the purchase price of the Supplemental Governmental Note with a supplemental funding loan to the Issuer and the Issuer will issue the Supplemental Governmental Note to the Lender. The proceeds of the Supplemental Governmental Note will be used by the Issuer to make a loan to the Borrower (“Supplemental Borrower Loan”) in the amount not to exceed \$2,259,793 pursuant to the terms of the Project Loan Agreement among the Issuer, Lender, and Borrower. The interest rate on the Supplemental Governmental Note shall be equal to the Original Governmental Note which is a variable rate debt instrument.

The Borrower will execute a promissory note (“Borrower Supplemental Note”) as evidence of the Borrower Supplemental Loan. The Issuer will assign the Borrower Supplemental Note evidencing the Borrower Supplemental Loan to U.S. Bank Trust Company, National Association (“Fiscal Agent”) as security for the Supplemental Governmental Note. Among its various functions, the Fiscal Agent will receive the Supplemental Governmental Note purchase price as advanced by the Lender in exchange for additional principal amount of the Supplemental Governmental Note and release such funds to the Borrower for the Project construction. The Borrower Supplemental Loan will be paid monthly as an interest only loan, will mature on December 31, 2023 and shall accrue interest on the outstanding principal balance at a variable interest rate of approximately Secured Overnight Financing Rate (“SOFR”) plus a spread of 200 basis points (2.00%).

At conversion to permanent financing, a portion of the Original Governmental Note and the entire unpaid principal balance of the Supplemental Governmental Note will be paid off from permanent financing sources, including investor equity. The remaining balance of the Original Governmental Note, currently estimated at \$20,000,000, will convert to the permanent phase and will continue to be held by the Lender. The estimated interest rate on the Original Governmental Note in the permanent phase will be a blended rate of 4.18% (estimated rate is based on the original fixed interest rate of 3.93% plus a new fixed rate on a portion of the Original Governmental Note current interest rate).

In addition to the proceeds of the Original Governmental Note and the Supplemental Governmental Note, the financing structure includes committed financing or loans from the City’s Proposition HHH Permanent Supportive Housing Loan Program (“HHH”, C.F. No. 17-0090-S15, City Contract Number C-137847). Supportive services will be provided through the Los Angeles County Department of Health Services (“DHS”) for 97 homeless individuals. These units will be subsidized from available Flexible Housing Subsidy Pool (“FHSP”) vouchers, administered by Brilliant Corners, a County approved Intensive Case Management Services

("ICMS") provider, and funded through Measure H revenue dollars at an estimated amount of \$523,800 annually. Brilliant Corners will enter into a Master Rental Subsidy Agreement ("MRSA") with the Project for a fifteen (15) year term.

LAHD requires that the Lender meet the City's Responsible Banking Ordinance #182138 reporting requirements. At closing, bond counsel will provide the required legal opinions as to the tax-exempt status of the interest on the Note, under federal and state law. The legal and financing documents will include language that establishes the Note structure as a limited obligation and strictly payable from Project revenues. The Project financing complies with both the City's AHBPP and Financial Policies. Additionally, the legal and financing documents will require the Borrower to provide annual statements and information as requested by LAHD.

LAHD's Bond Team for the financing of the Project is as follows:

Bond Issuer Municipal Advisor:	CSG Advisors, Inc. 315 W. 5 th Street, Suite 302 Los Angeles, CA 90013
Bond Issuer Counsel:	Los Angeles City Attorney 200 N. Spring Street, 21st Floor Los Angeles, CA 90012
Bond Counsel:	Kutak Rock LLP 777 S. Figueroa Street, Suite 4550 Los Angeles, CA 90017

FISCAL IMPACT

There is no fiscal impact to the General Fund as a result of the issuance of the note(s). The City is a conduit issuer and will not incur liability for repayment of the note(s). The note(s) is a limited obligation, payable strictly from revenue derived from the Project. The City will not be obligated to make payments on the note(s).

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

Attachment A - TEFRA Minutes

Attachment B - Resolution

TEFRA PUBLIC HEARING MEETING MINUTES
THURSDAY – SEPTEMBER 29, 2022
9:00 AM
LOS ANGELES HOUSING DEPARTMENT
BY TELECONFERENCE
FRANCISCO LOPEZ, CHAIR

This meeting was conducted to meet the required Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) Public Hearing for Western Landing, Confianza, First Street North A Apartments (FSN A), The Journey, Ambrosia Apartments, Hope on Hyde Park, Hope on Broadway, Missouri Place, and Summit View Apartments.

This meeting was called to order on Thursday, September 29, 2022 at 9:00 a.m. via teleconference by the Los Angeles Housing Department.

A notice of this hearing was published in the Los Angeles Times on September 22, 2022 (the “Notice”). The purpose of this meeting was to hear public comments regarding the City of Los Angeles’ proposed issuance of multifamily housing revenue bonds or notes for the above referenced projects.

The Los Angeles Housing Department representatives present were Francisco Lopez, Carmen Velazquez, Cecilia Rosales, Dianne Mattingly, Donald Byers, Robert Vergara, and Adam R. Miller. All representatives were present via teleconference as described in the Notice.

By 9:30 a.m. there were no other representatives from the public who made themselves available and no public comments were provided, so the meeting was adjourned.

I declare under penalty of perjury that this is a true and exact copy of the TEFRA public hearing meeting minutes regarding the above referenced projects held on September 29, 2022 at Los Angeles, California.

CITY OF LOS ANGELES
Los Angeles Housing Department
ANN SEWILL, General Manager

Francisco Lopez, Finance Development Officer II

RESOLUTION
CITY OF LOS ANGELES

A RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF ONE OR MORE SERIES OF MULTIFAMILY NOTES BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY NOTE (HOPE ON HYDE PARK APARTMENTS) SERIES 2023E IN A PRINCIPAL AMOUNT NOT TO EXCEED \$2,259,793 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 20 HEREOF AND APPROVING AND AUTHORIZING MODIFICATION AGREEMENTS REGARDING THE CITY OF LOS ANGELES MULTIFAMILY NOTE (HOPE ON HYDE PARK APARTMENTS) SERIES 2020R, EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

WHEREAS, the City of Los Angeles (the “City”) is authorized, pursuant to the provisions of Section 248, as amended, of the City Charter of the City (the “City Charter”) and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the “Law”) to issue its obligations for the purposes of providing financing for the acquisition, rehabilitation, construction, equipping and development of multifamily rental housing for persons of low and moderate income (the “Program”) which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”); and

WHEREAS, the City now desires to issue its revenue note pursuant to the Law, and in accordance with the Act, to provide financing for the acquisition, rehabilitation, construction and equipping of the multifamily residential rental housing project described in paragraph 19 below (the “Project”); and

WHEREAS, the Project is located wholly within the City; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize the financing of the Project, and it is within the powers of the City to provide for such a financing and the issuance of such note; and

WHEREAS, Hope on Hyde Park L.P. (the “Owner”) has requested the City to authorize the issuance of the Multifamily Note (Hope On Hyde Park Apartments) Series 2023E with a principal amount not to exceed \$2,259,793 (the “2023 Note”) to finance additional costs of the Project; and

WHEREAS, the City proposes to use the proceeds of the 2023 Note to fund a loan to the Owner to finance a portion of the acquisition, rehabilitation, construction and equipping of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the 2023 Note; and

WHEREAS, CIT Bank, N.A., or a subsidiary or affiliate thereof (the “Funding Lender”) has expressed its intention to make a loan (the “2023 Funding Loan”) to the City and as evidence for such loan acquire (or to cause a subsidiary or affiliate to acquire) the 2023 Note authorized hereby in whole, and this Council (the “City Council”) finds that the public interest and necessity require that the City at this time make arrangements for the issuance and delivery of such Note pursuant to the hereinafter defined 2023 Funding Loan Agreement to set forth terms and conditions regarding the loan of proceeds of the 2023 Note; and

WHEREAS, the interest on the 2023 Note may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “Code”) only if the 2023 Note is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the 2023 Note is required to be approved, following a public hearing, by an elected representative of the issuer of the 2023 Note and an elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, this City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the 2023 Note within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on September 22, 2022, to the effect that a public hearing would be held on September 29, 2022 regarding the issuance of the 2023 Note and reissuance of the City’s \$22,259,793 Multifamily Note (Hope On Hyde Park Apartments) Series 2020R (the “2020 Note”); and

WHEREAS, the Los Angeles Housing Department held said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the 2023 Note and reissuance of the 2020 Note; and

WHEREAS, the minutes of such public hearing, and any written comments received with respect thereto, have been presented to this City Council;

WHEREAS, the Owner of the Project has caused the Funding Lender to provide to the City the following information as a good faith estimate of the cost of the 2023 Note financing and the City disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the 2023 Note, (b) the finance charge of the 2023 Note, including all third party expenses, (c) the amount of proceeds received by the City for the issuance and delivery of the 2023 Note less the finance charge of the 2023 Note and any reserves or capitalized interest paid or funded with proceeds of the 2023 Note and (d) the total payment amount, all as reflected on the attached Exhibit A (the “Financing Information”); and

WHEREAS, such Financing Information has been disclosed in connection with the City Council meeting in which this Resolution is approved; and

WHEREAS, the City has previously authorized and issued, pursuant to the Law and in accordance with the Act, the 2020 Note to finance costs of the Project; and

WHEREAS, the Owner has requested that the City approve modifications to the documents supporting the original issuance of the 2020 Note, to, among other things, modify the Conversion Date, the interest rate and the maturity date of the 2020 Note to effectuate a reissuance of the 2020 Note; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize, execute and deliver as necessary the modifications to the documents surrounding the 2020 Note and it is within the powers of the City to provide for such amendments; and

WHEREAS, the such amendments will cause the 2020 Note to be “reissued” one or more times under the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the interest on the “reissued” 2020 Note may qualify for a federal tax exemption under Section 142(a)(7) of the Code, only if such reissued 2020 Note is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the procedural steps previously described in the recitals hereto, the City Council satisfied the requirements of Section 147(f) of the Code in connection with the reissuance of the 2020 Note;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and this City Council so finds. This Resolution is being adopted pursuant to the Law.
2. Pursuant to the Law and in accordance with the Act and the 2023 Funding Loan Agreement (as hereinafter defined) a revenue note of the City, to be designated as “City of Los Angeles Multifamily Note (Hope On Hyde Park Apartments) Series 2023E” in a principal amount not to exceed \$2,259,793, is hereby authorized to be issued. The principal amount of the 2023 Note to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.
3. The proposed form of the Funding Loan Agreement (the “2023 Funding Loan Agreement”), among the City, the Funding Lender and U.S. Bank Trust Company, National Association (the “Fiscal Agent”), in substantially the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the 2023 Note authorized hereunder. The Mayor of the City, the General Manager or any Interim General Manager, any Assistant General Manager, or any Acting Assistant General Manager, Interim Assistant General Manager, Executive Officer, Director or Acting Director—Finance and Development Division of the Housing Development Bureau of the Los Angeles Housing Department (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2023 Funding Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval by the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the 2023 Note in excess of

the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the 2023 Funding Loan Agreement with such additions, changes or corrections.

4. The proposed form of the Project Loan Agreement, providing for the loan of the proceeds of the 2023 Note, in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Project Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of said Project Loan Agreement with such additions, changes or corrections.

5. The proposed form of the 2023 Note, as set forth in the 2023 Funding Loan Agreement, is hereby approved, and the Mayor and City Treasurer, Interim City Treasurer, or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Fiscal Agent or an authenticating agent, is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Fiscal Agent or an authenticating agent, the 2023 Note in substantially such form and the Fiscal Agent is hereby authorized and directed to issue and deliver the 2023 Note to the Funding Lender in accordance with the 2023 Funding Loan Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designation and other terms of the 2023 Note shall be as provided in the 2023 Funding Loan Agreement as finally executed; provided, however, that the principal amount of the 2023 Note shall not exceed \$2,259,793, the interest rate on the 2023 Note shall not exceed 12% per annum, and the final maturity of the 2023 Note shall be no later than forty years from the date of issuance.

6. The proposed form of the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into by and among the City, the Fiscal Agent and the Owner, which amends and restates in whole the regulatory agreement executed in connection with the issuance of the 2020 Note, substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the 2020 Note and 2023 Note remains tax-exempt.

7. All actions heretofore taken by the officers and agents of the City with respect to the issuance and delivery of the 2023 Note are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly

authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the 2023 Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2023 Note and the implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

8. In accordance with procedures established by the City Charter, the City Council, by adoption and approval of this Resolution and with the concurrence of the Mayor, does hereby direct that the proceeds of the 2023 Note be delivered directly to the Fiscal Agent, instead of the City Treasurer, to be deposited into the funds and accounts established under the 2023 Funding Loan Agreement.

9. Pursuant to Section 147(f) of the Code, the City Council hereby approves the issuance of the 2023 Note to finance the Project. It is intended that this Resolution constitute approval of the 2023 Note by the applicable elected representative of the issuer of the 2023 Note and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

10. Pursuant to the City Charter all agreements to which the City is a party shall be subject to approval by the City Attorney as to form.

11. The 2023 Note shall contain a recital that it is issued pursuant to the Law and in accordance with the Act.

12. Pursuant to and solely for the purposes of Section 147(f) of the Code, the City Council hereby approves the reissuance of the 2020 Note by the City in one or more series to finance the Project. It is intended that this Resolution constitute approval of the reissued 2020 Note: (a) by the applicable elected representative of the issuer of the 2020 Note and (b) by the applicable elected representative of the governmental unit having jurisdiction of the area in which the Project is located in accordance with said Section 147(f).

13. The execution and delivery on behalf of the City of any amendments in connection with the reissuance of the 2020 Note, in the form approved by the City Attorney, for the purpose of (i) extending the conversion date (ii) making various ancillary or conforming changes to the Funding Loan Agreement, (iii) extending the maturity date of the 2020 Note is hereby approved, and the Designated Officer of the City is hereby authorized and directed, for and on behalf of the City, to execute any such documents with such changes as such Designated Officer may approve upon consultation with the City Attorney and/or Bond Counsel and approval by the City Attorney, such approval by such Designated Officer to be conclusively evidenced by the execution of any such modification agreements.

14. All actions heretofore taken by the officers and agents of the City with respect to the reissuance of the 2020 Note are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents.

15. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Designated Officer and to affix and attest the seal of the City as may be appropriate in connection with the execution and delivery of any of the documents authorized by this Resolution, provided that the due execution and delivery of said documents or any of them shall not depend on such signature of the City Clerk or any deputy thereof or affixing of such seal. Any of such documents may be executed in multiple counterparts.

16. In addition to the Designated Officers, any official of the City, including any official of the Los Angeles Housing Department, as shall be authorized in writing by the Mayor of the City, is hereby authorized for and on behalf of the City to execute and deliver any of the agreements, certificates and other documents, except the 2020 Note and 2023 Note, authorized by this Resolution.

17. Each Designated Officer and other properly authorized officials of the City as specifically authorized under this Resolution are hereby authorized, directed and empowered on behalf of the City and this Council to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the 2020 Note or the 2023 Note or the agreements relating thereto subsequent to their issuance.

18. This Resolution shall take effect immediately upon its passage and adoption.

19. The “Project” and “Owner” referred to herein are as follows:

Project Name	# of Units	Address	Owner
Hope on Hyde Park Apartments	97 (plus 1 manager unit)	6051 Crenshaw Boulevard, Los Angeles, CA 90043	Hope on Hyde Park, L.P.

[Remainder of page intentionally left blank]

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____, 2023.

By _____
Name _____
Title _____

EXHIBIT A
FINANCING INFORMATION
[ATTACHED]