

HOUSING COMMITTEE REPORT relative to issuing funding commitments and support letters to existing Affordable Housing Managed Pipeline (AHMP) Projects applying to the California Tax Credit Allocation Committee (CTCAC) in 2019 Round 2 and various actions connected to Managed Pipeline Projects.

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 recommendation letter for the Parque Vista and PATH Villas Montclair/Gramercy Projects identified in Table 1 of the June 11, 2019 City Administrative Officer (CAO) 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 California Tax Credit Allocation Committee 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 commitment for all proposed funding.
 - b. Issue a Nine Percent LIHTC letter of support for the Parque Vista and Jordan Downs S3 projects in the Geographic set-aside, as identified in Table of 1 of the June 11, 2019 CAO report.
 - c. Subject to the review and approval of the City Attorney as to form, negotiate and execute acquisition, predevelopment, construction, and permanent loan agreements with the legal owners of the Parque Vista and PATH Villas Montclair/Gramercy projects identified in Table 1 of the June 11, 2019 CAO report and Rosa de Castilla and 88th and Vermont Apartments projects identified in Table 2 of the June 11, 2019 CAO report, which receive awards from the proposed leveraging sources, subject to the satisfaction of all conditions and criteria contained in the HCIDLA Pipeline application, May 14, 2019 HCIDLA report, attached to the Council file, and the HCIDLA Award Letter (if applicable).
 - d. Execute subordination agreements of the City's financial commitment for the Parque Vista and PATH Villas Montclair/Gramercy projects identified in Table 1 of the June 11, 2019 CAO report and Rosa de Castilla and 88th and Vermont Apartments Projects identified in Table 2 of the June 11, 2019 CAO report, wherein the City Loan and Regulatory Agreements are subordinated to their respective conventional or municipally funded construction and permanent loans, as required.
 - e. Allow the transfer of the City's financial commitment for the Parque Vista and PATH Villas Montclair/Gramercy projects identified in Table 1 of the June 11, 2019

CAO report and Rosa de Castilla and 88th and Vermont Apartments projects identified in Table 2 of the June 11, 2019 CAO report 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.

- f. Increase the existing funding commitment for the Rosa de Castilla Apartments Project by \$850,000, subject to the conditions listed in the existing loan agreement.
- g. Increase the existing funding commitment for the 88th and Vermont Apartments by \$2,183,500, subject to the conditions listed in the existing loan agreements.
- h. Obligate Home Investment Partnership Program (HOME) and Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds for the projects listed below:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Amount</u>
Rosa de Castilla	561/43	43R011	\$850,000
PATH Villas Montclair/Gramercy	561/43	43R011	\$480,000
	569/43	43P440	<u>\$1,120,000</u>
			\$1,600,000
Parque Vista	561/43	43R011	\$2,500,000
88th and Vermont	561/43	43R011	\$2,183,500

- i. Prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the CAO and request 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 11, 2019 CAO report are in compliance with the City's Financial Policies in that AFMP commitments are fully funded by the HOME Investment Partnerships Program Fund and HOPWA Fund.

Community Impact Statement: None submitted.

Summary:

On June 12, 2019, your Committee considered June 11, 2019 CAO and May 14, 2019 HCIDLA reports relative to issuing funding commitments and support letters to existing AHMP Projects applying to the CTCAC in 2019 Round 2 and various actions connected to Managed Pipeline Projects. According to the HCIDLA, a total of five projects will apply to the CTCAC for LIHTC on July 1, 2019. Two projects will apply in the Nonprofit Homeless Assistance set-aside, two projects will apply in the City's Geographic Region set-aside, and one project will apply as an alternate project, also in the City Geographic Region set-aside. Also, one project will apply to the CDLAC and to CTCAC for 4 percent LIHTC. The HCIDLA is requesting authorization to obligate funds for three projects; the other three projects do not require funding recommendations. Also, the HCIDLA will issue LIHTC letters of support to accompany the applications for the two projects applying in the City Geographic set-aside. Also, the HCIDLA is

requesting authority to increase the existing loan commitments for the Rosa de Castilla development and the 88th and Vermont development, both of which are currently under construction. Both projects were previously admitted into the AHMP and were successful in obtaining LIHTC. However, each project has experienced increased costs related to individual circumstances.

The City's AHMP was established by the Mayor and City Council on June 28, 2013 (Council File No. 13-0824) and such the HCIDLA was authorized to issue a Call for Projects to enable open competition of new projects selected for the HCIDLA AHMP on an ongoing basis. In the same year, the CTCAC established a new set-aside for projects located within City boundaries. The HCIDLA recognized the opportunity to set forth clear recommendations for local LIHTC priorities and established the selection process for management of the 9 percent LIHTC in the City geographic set-aside. Per the AHMP guidelines, the remaining projects are given an opportunity to respond to a readiness survey. Based on their responses and readiness analysis, projects are slotted in the proposed calendar. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CAO report 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:	ABSENT

ARL
6/12/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-