COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Executive Director

January 30, 2007

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

ADOPT RESOLUTIONS APPROVING ISSUANCE OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN UNINCORPORATED EAST LOS ANGELES (1)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Find that adoption of resolutions approving issuance of Multifamily Housing Mortgage Revenue Bonds is not subject to the California Environmental Quality Act (CEQA), because the proposed administrative activity will not have the potential for causing a significant effect on the environment.

2. Adopt and instruct the Chairman to sign a Resolution (Attachment A), as required under Section 147(f) of the Internal Revenue Code of 1986, approving the issuance of Multifamily Housing Mortgage Revenue Bonds by the Housing Authority of the County of Los Angeles, in an amount not exceeding $15,000,000 to Villa Gardenias Senior Limited Partnership, a California Limited Partnership (the Developer), to finance the site acquisition and construction of Villa Gardenias Senior Apartments, a 125-unit multifamily rental housing development, to be located at 3965 East Olympic Boulevard and 1141 South Ditman Avenue in unincorporated East Los Angeles.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chairman to sign a Resolution (Attachment B) as required under Treasury Regulations, declaring an intent by Villa Gardenias Senior Limited Partnership, a California Limited Partnership, (the Developer), to undertake financing, in an amount not exceeding $15,000,000, for site acquisition and construction of Villa Gardenias Senior Apartments (the Project), a 125-unit affordable multifamily rental housing development, to be located at 3965 East Olympic Boulevard and 1141 South Ditman Avenue in unincorporated East Los Angeles.

2. Authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding $15,000,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the issuance of Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding $15,000,000, and authorize the Executive Director of the Housing Authority to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance acquisition and construction of 125 units, which include 124 affordable multifamily rental housing units and one manager's unit that will have no affordability requirements.

FISCAL IMPACT/FINANCING:

No County costs will be incurred. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Project, to be located at 3965 East Olympic Boulevard and 1141 South Ditman Avenue in unincorporated East Los Angeles, will consist of a complex of five apartment buildings containing a total of 125 units, comprised of 105 one-bedroom units and 20 two-bedroom units. Thirty-seven of the units will be reserved for households with incomes that do not exceed 50 percent of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD).

Eighty-seven of the units will be reserved for households with incomes that do not exceed 60 percent of AMI for the Los Angeles-Long Beach MSA, adjusted for household size, as determined by the HUD. The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements.

Adoption of the Resolution by the Board of Supervisors approving issuance of the bonds is required prior to submission of the Housing Authority's application to CDLAC for a private activity bond allocation. This action does not, however, authorize the issuance and sale of the bonds. The Housing Authority must return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the Board of Commissioners of the Housing Authority announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolution is also required to complete the Housing Authority's application to CDLAC.

On January 9, 2007, the Housing Authority conducted a hearing, at its office located at 2 Coral Circle in the City of Monterey Park, regarding the issuance of multifamily bonds to finance the Villa Gardenias Senior Apartments development, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project.

The attached Resolutions were prepared by Orrick, Herrington & Sutcliffe, Housing Authority Bond Counsel, and approved as to form by County Counsel. On January 24, 2007, the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION:

The proposed activity is exempt from the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it involves administrative activity that will not have a physical impact or result in any physical changes to the environment. The activity is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROJECT:

The proposed action is a necessary step to provide bond financing for the Project which will increase the supply of affordable multifamily housing in the County.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS AND RELATED ACTIONS

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds in one or more series issued from time to time, and at no time to exceed $15,000,000 in outstanding aggregate principal amount (the "Bonds"), in order to assist in financing the acquisition and construction of a multifamily rental housing development consisting of 125 units located at 3965 East Olympic Boulevard and 1411 South Ditman Avenue in unincorporated East Los Angeles (the "Project"), to be owned by Villa Gardenias Senior Limited Partnership, a California Limited Partnership (or an affiliate or assign); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the Bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such Bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California; and

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the Authority within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority of the County of Los Angeles has, following notice duly given, held a public hearing regarding the issuance of such Bonds on January 9, 2007, and now desires that the Board of Supervisors approve the issuance of such Bonds; and

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.

2. This Board of Supervisors hereby approves the issuance of the Bonds by the Authority to finance costs of the Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the Bonds by the applicable elected representative of the issuer of the Bonds and the applicable elected representative of the

governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.

3. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the Authority in the manner provided by law prior to the sale thereof.

4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Authority.

5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this ____ day of January, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Chairman of the
Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: Eric Young
Deputy

ATTACHMENT B

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES DECLARING ITS OFFICIAL INTENT TO UNDERTAKE THE FINANCING OF A MULTIFAMILY HOUSING PROJECT AND RELATED ACTIONS

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES DECLARING ITS OFFICIAL INTENT TO UNDERTAKE THE FINANCING OF A MULTIFAMILY HOUSING PROJECT AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") is authorized and empowered by the provisions of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") to issue and sell mortgage revenue bonds for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, Villa Gardenias Senior Limited Partnership, a California Limited Partnership (or an affiliate or assign) (the "Borrower"), has requested that the Authority issue and sell its mortgage revenue bonds pursuant to the Act to provide financing for the acquisition and construction of a multifamily rental housing development consisting of 125 units to be located at 3965 East Olympic Boulevard and 1411 South Ditman Avenue in unincorporated East Los Angeles (the "Project"); and

WHEREAS, this Board of Commissioners of the Authority (the "Board") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to finance multifamily housing projects pursuant to the Act, in order to increase the supply of multifamily housing in Los Angeles County available to persons and families within the income limitations established by the Act; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to authorize the issuance of mortgage revenue bonds by the Authority to finance the Project (the "Bonds") in a principal amount not to exceed $15,000,000; and

WHEREAS, the Authority, in the course of assisting the Borrower in the financing of the Project expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of this Resolution prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.142-4 and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the "Government Code") governs the allocation of the state ceiling among