



**HOUSING AUTHORITY
of the County of Los Angeles**

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Hilda L. Solis
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Kathryn Barger
Commissioners

Monique King-Viehland
Executive Director

February 19, 2019

The 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 Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2-H February 19, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

**ADOPT RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE
REVENUE BONDS FOR MULTIFAMILY HOUSING IN THE CITY OF WEST HOLLYWOOD
(DISTRICT 3) (3 VOTES)**

SUBJECT

This letter requests that your Board adopt a Resolution declaring the intent to issue Multifamily Housing Mortgage Revenue Bonds to finance the site acquisition and rehabilitation of Palm View Apartments, a 40-unit multifamily rental housing development located at 980 North Palm Avenue in the City of West Hollywood.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that adoption of this Resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign a Resolution, as required under Treasury regulations, declaring an intent by 980 North Palm, LP (Borrower), or an affiliate or assignee thereof, to undertake bond financing in an amount not exceeding \$10,000,000 to finance the site acquisition and rehabilitation of Palm View Apartments, a 40-unit multifamily rental housing development located at 980 North Palm Avenue in the City of West Hollywood (Project).
3. Authorize the Executive Director, or her designee to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation on an aggregate amount not exceeding \$10,000,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to declare the intent to issue Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding \$10,000,000 (Bonds) to finance the site acquisition and rehabilitation of the Project.

The Project, located at 980 North Palm Avenue in the City of West Hollywood, consists of three (3) two-story and one (1) four-story apartment buildings, comprised of 29 one-bedroom units and 11 two-bedroom units. Twenty-nine units will be occupied by households with incomes that do not exceed 30% of the area median income (AMI) for the Los Angeles Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Ten units will be occupied by households with incomes not to exceed 50% AMI. Twenty-nine units will be reserved for special needs households and four units will be accessible to persons with disabilities. The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements. The developer for the Project is Kingdom Development, Inc. The Borrower is a limited partnership, which includes the developer as a partner.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Bonds will be repaid solely through rent revenues collected by the Borrower. The Borrower will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Adoption of the Resolution by your Board announcing the intent to undertake the financing of the Multifamily Housing Project and related actions is required to establish a base date after which costs incurred by the Borrower may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds.

The attached Resolution was prepared by Kutak Rock LLP, Housing Authority Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The proposed action is not a project pursuant to CEQA because it is an activity that is excluded from the definition of a project by Section 15378 (b)(5) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to provide bond financing for the Project, which will help preserve and maintain the supply of multifamily housing in the County with long-term affordability.

The Honorable Board of Commissioners

2/19/2019

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Monique King-Viehlend". The signature is written in a cursive, flowing style.

MONIQUE KING-VIEHLAND

Executive Director

MKV:LN:DR

Enclosures

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF LOS ANGELES OFFICIAL
DECLARATION OF 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 or notes as part of a plan of financing 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, 980 North Palm, LP (or an affiliate or assign) (the “Borrower”), has requested that the Authority issue and sell its mortgage revenue bonds or notes pursuant to the Act to provide financing (including reimbursement of Borrower’s expenditures) for the acquisition, construction, development and rehabilitation of a multifamily rental housing development consisting of 40 units to be located at 980 North Palm Avenue, West Hollywood, California 90069 in Los Angeles County (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 adopt this resolution (this “Resolution”) and to authorize the issuance of mortgage revenue bonds or notes by the Authority to finance the Project (the “Bonds”) in a principal amount not to exceed \$10,000,000; 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 and may incur additional Reimbursement Expenditures within 60 days prior to the adoption of this Resolution and 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 governmental units in the State of California having the authority to issue multifamily housing mortgage revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of multifamily housing mortgage revenue bonds; and

WHEREAS, the City of West Hollywood has approved the issuance by the Authority of the Bonds for the Project within the City of West Hollywood;

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board hereby determines that it is necessary and desirable to provide a plan of financing for the Project by the issuance and sale of mortgage revenue bonds or notes pursuant to the Act and hereby authorizes the issuance and sale of the Bonds in one or more series from time to time by the Authority pursuant to a plan of financing, in aggregate principal amounts not to exceed \$10,000,000. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, provided that nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any officer, agent or employee of the Authority will grant any approval, consent or permit which may be required in connection with the acquisition and construction or rehabilitation of the Project or the issuance of the Bonds.
3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be agreed upon by the Authority and the Borrower and the initial purchasers of the Bonds; provided, however, that the Bonds shall not be sold or issued unless specifically authorized by the subsequent resolution of this Board.
4. This Resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.142-4 and Section 1.150-2 of the Treasury Regulations. In that regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the Project.
5. The proper officers of the Authority are hereby authorized and directed to apply to CDLAC for a private activity bond allocation for application by the Authority to the issuance the Bonds in one or more series from time to time for the Project in an amount not to exceed \$10,000,000, to collect from the Borrower an amount equal to the

performance deposit required by CDLAC and to certify to CDLAC that such amount has been placed on deposit in an account in a financial institution.

6. 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, including entering into a Cooperation Agreement with the City of West Hollywood or the West Hollywood Community Development Commission, if necessary or desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by this Board in the manner provided by law prior to the sale thereof.

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

[Remainder of page intentionally left blank]

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 19th day of February, 2019, by the following vote:

AYES: Supervisors Solis, Ridley-Thomas, Kuehl, Barger and Hahn

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: *Jenice Hahn*
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk
of the Board of Commissioners

By: *Sachelle Smitherman*
Deputy



APPROVED AS TO FORM:

MARY C. WICKHAM,
County Counsel

By: *Behnaz Javid*
Deputy