



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

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Hilda L. Solis
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Commissioners

Monique King-Viehland
Executive Director

March 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

1-H March 19, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

**ADOPT RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT AND TAXABLE
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED FLORENCE FIRESTONE
(DISTRICT 2) (3 VOTES)**

SUBJECT

This letter recommends that your Board authorize the issuance and delivery of tax-exempt and taxable Multifamily Housing Mortgage Revenue Bonds for the acquisition, construction and development of Florence Apartments, a 109-unit multifamily affordable rental housing development located in unincorporated Florence Firestone.

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 the attached Resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds by the Housing Authority of the County of Los Angeles (Housing Authority), in an aggregate principal amount not exceeding \$26,000,000, and the issuance of taxable Multifamily Housing Mortgage Revenue Bonds (Collectively, "Bonds") in an aggregate principal amount not to exceed \$2,000,000, to Florence Fund, LP (Borrower), or an affiliate or assignee thereof, to finance the site acquisition, construction and development of a 109-unit multifamily rental housing development to be located at 1600-1616 East Florence Avenue in unincorporated Florence Firestone.

3. Authorize the Executive Director, or her designee, to negotiate, execute, and if necessary amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the issuance, sale and delivery of the tax-exempt Bonds, in an aggregate amount not to exceed \$26,000,000 to finance the acquisition, construction and development of Florence Apartments (Project). The tax-exempt Bonds will qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986. This action will also authorize the issuance, sale and delivery of taxable Bonds, in an aggregate amount not to exceed \$2,000,000 to finance the acquisition, construction and development of the Project.

The Project, to be located at 1600-1616 East Florence Avenue in the unincorporated area of Florence Firestone, will consist of a four-story building comprised of 97 one-bedroom units and 12 two-bedroom units, for a total of 109 units. Fifty-four of the units will be reserved for households with incomes that do not exceed 30% of the area median income (AMI), and 54 units will be reserved for households with incomes that do not exceed 60% of the AMI, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The two-bedroom manager's unit will have no affordability requirements. Fifty-four units will be occupied by homeless individuals and the remaining 54 units will be occupied by families. The affordability requirements will remain in effect for 55 years. The developer for the project is AMCAL Multi-Housing, Inc. The Borrower is a limited partnership that includes the developer as a partner.

FISCAL IMPACT/FINANCING

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Borrower has requested financing for the Project in the form of tax-exempt Bonds and federally taxable Bonds. The proceeds of both tax-exempt Bonds and taxable Bonds will be used to finance the site acquisition, construction and development of Project. However, because the Borrower did not obtain from the California Debt Limit Allocation Committee (CDLAC) the requisite private activity volume cap allocation for all of the Bonds, the portion of the Bonds for which there is no CDLAC allocation are to be issued on a taxable basis.

On June 6, 2018, the Housing Authority conducted a public hearing regarding the issuance of the Bonds to finance the Project, at its office located at 700 West Main Street in Alhambra. No comments were received at the public hearing concerning the issuance of the Bonds or the nature and location of the Project.

On July 10, 2018, the County of Los Angeles' Board of Supervisors adopted an Inducement Resolution declaring the intent of the Housing Authority to undertake the financing of a Multifamily Housing Mortgage Revenue Bond project in accordance with Treasury Department regulations. This action established a base date after which costs incurred by the Borrower for the Project could be included in the acquisition, construction and permanent financing obtained pursuant to the issuance of tax-exempt Bonds. At the same meeting, the Board of Supervisors adopted a resolution approving

issuance of the Bonds, as authorized by Section 147(f) of the Internal Revenue Code of 1986.

The attached Resolution was prepared by Hawkins Delafield and Wood, Housing Authority Bond Counsel, and approved as to form by County Counsel. All other related documents, in substantially final form, are on file with the Executive Office. They will be approved as to form by County Counsel prior to execution by the authorized parties. On February 27, 2019, the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

The proposed action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b) 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 facilitate Bond financing for the Project, which will expand the supply of affordable housing in the County with long-term affordability.

Respectfully submitted,



MONIQUE KING-VIEHLAND

Executive Director

MKV:LK:JWR

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$26,000,000 AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,000,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS FLORENCE APARTMENTS, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, the Housing Authority of the County of Los Angeles (the “Authority”) is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the “Act”) to issue and sell 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, there has been prepared and presented to this Board of Commissioners (this “Board”) for consideration at this meeting the documentation required for the issuance of bonds for the financing of the acquisition, development and construction of a multifamily rental housing development consisting of 109 total units located at 1600-1616 East Florence Avenue in unincorporated Los Angeles County (the “Project”), to be known as Florence Apartments and to be owned by Florence Fund, LP, a California limited partnership, or an affiliate, assign or designee thereof; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, this Board has received the following information as a good faith estimate of the cost of the Project financing and the Authority has disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bonds (as hereafter defined); (b) the finance charge of the Bonds, including all third party expenses; (c) the amount of proceeds received by the Authority for the sale of the Bonds less the finance charge of the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds; and (d) the total payment amount; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the County of Los Angeles, as follows:

1. It is hereby found and determined that it is necessary and desirable for the Authority to provide financing for the Project through the issuance, sale and delivery of the Bonds in order to assist in the acquisition, construction, rehabilitation and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the Authority hereby determines to issue its Multifamily Housing Revenue Bonds (Florence Apartments), 2019 Series A (or such other name or series designation as may be designated by officers or agents of the Authority), in one or more series or subseries, each with an appropriate series designation (the “Bonds”), with the tax-exempt portion of the Bonds being in an aggregate principal amount not to exceed \$26,000,000 and the taxable portion of the Bonds being in an aggregate principal amount not to exceed \$2,000,000. The Bonds shall bear interest at the interest rate or rates set forth in or determined in accordance with a Trust Indenture (the “Indenture”), maturing as provided in the Indenture, but not later than 35 years from the date of issue. The Bonds shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bonds are prepared.

The Bonds shall be a limited obligation of the Authority payable solely from the revenues, receipts and other moneys pledged therefor under the Indenture.

The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of this Board or the Executive Director of the Authority.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the Authority and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the Authority and Bond Counsel to the Authority (provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above or result in an initial interest rate on the Bonds in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The proposed form of the Bonds, as set forth in the Indenture, is hereby approved, and the Chair of this Board, the Executive Director of the Authority and their respective designee is each hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and the trustee named in the Indenture (the “Trustee”) is hereby authorized and directed to authenticate, by manual signature of an authorized officer of the Trustee, the Bonds in substantially such form, and the Authority and the Trustee are each hereby authorized and directed to deliver the Bonds to the purchaser, which shall be JPMorgan Chase Bank, N.A., or an affiliate thereof in accordance with the Indenture. The Bonds may, if so provided in the Indenture, be issued as a “draw down” bonds to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

4. The proposed form of Loan Agreement (the “Loan Agreement”), in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the Authority and their respective designee is each hereby authorized

and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the Authority and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Regulatory Agreement, with such additions or, changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. This Board hereby appoints the Executive Director of the Authority or her designee as administrator/manager with respect to the Project and other matters arising in connection with the Bonds (the “Administrator”).

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bonds, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

8. All actions heretofore taken by the officers and agents of the Authority with respect to the sale, issuance and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority 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 Indenture 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 Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority.

9. All resolutions or parts thereto in conflict herewith are, to the extent of such conflict, hereby repealed.

10. This resolution shall take effect upon its adoption.

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 March, 2019, by the following vote:

AYES: Supervisors Solis, Kuehl, Bargee and Hahn

NOES: NONE

ABSENT: Supervisor Ridley-Thomas

ABSTAIN: NONE

By:

Jenice Hahn
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer – Clerk
of the Board of Commissioners

By:

Sachelle Smitheman
Deputy



APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By:

Benny J. [Signature]
Deputy