

MOTION BY SUPERVISOR HILDA L. SOLIS

May 18, 2021

Adopt a Resolution and Authorize Actions Approving Issuance of Multifamily Housing Mortgage Revenue Bonds to Finance the Acquisition, Development, and Construction of the 3rd and Dangler Apartments

The County of Los Angeles (County) through our Board of Supervisors (Board), has been encouraging and incentivizing development of vacant land for affordable housing. The 3rd & Dangler Apartments (Project), a 78-unit, new construction, supportive housing project located in unincorporated East Los Angeles represents an excellent opportunity to put under-utilized public land to use housing some of the County’s most vulnerable residents. The Project will be built on a vacant, unimproved site totaling 0.52-acre in size; three of the parcels are owned by the County of Los Angeles (County) and three of the parcels are owned by the Los Angeles County Development Authority (LACDA).

The Project will include 39 special needs units (15 studios and 24 one-bedroom units) for individuals and families earning at or below 30% of the Area Median Income (AMI), 38 general affordable units (5 studios and 33 one-bedroom units) for individuals and families earning at or below 60% AMI, and one two-bedroom property manager’s

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unit. The 39 special needs units will be set-aside for chronically homeless and mentally ill homeless individuals.

3rd & Dangler LP has requested issuance of tax-exempt multifamily housing revenue bonds by the LACDA assist in financing the acquisition, development, and construction of the Project in the amount of \$22,000,000 in tax-exempt bonds and \$12,000,000 in taxable bonds (Bonds).

This Board, acting as the Board of Commissioners for the LACDA, previously approved an inducement for the Bonds and authorized the submittal of an application to the California Debt Limit Advisory Committee on September 15, 2020. The action to be taken today by the Board, acting as Commissioners of the LACDA, will be to adopt a resolution authorizing issuance of the Bonds, authorizing the Executive Director of the LACDA to perform certain actions to issue the Bonds, and finding that these activities will not have an effect on the environment.

I, THEREFORE, MOVE that the Board of Commissioners of the Los Angeles County Development Authority:

- 1) Adopt and instruct the Chair to sign the attached resolution authorizing the issuance of tax-exempt and taxable multifamily housing revenue bonds by the LACDA, in an aggregate principal amount not to exceed \$22,000,000 in tax exempt bonds and \$12,000,000 in taxable bonds, to assist the Borrower, or an LACDA approved designee, to finance the acquisition and construction of the 3rd and Dangler Apartments.
- 2) Authorize the Executive Director, or his 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.

3) Find that adoption of the attached resolution is not subject to the provisions of the California Environmental Quality Act because the action will not have the potential of causing a significant effect on the environment.

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RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX-EXEMPT MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 AND TAXABLE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS 3RD AND DANGLER APARTMENTS, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, the Los Angeles County Development Authority (the "LACDA") 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 or notes 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 one or more series of bonds for the financing of the acquisition, development and construction of a multifamily rental housing development consisting of 78 units located at 4655 East 3rd Street, Los Angeles, California 90022 in the County of Los Angeles (the "Project"), to be known as 3rd and Dangler Apartments and to be owned by 3rd & Dangler LP, a California limited partnership, or an affiliate, assign or designee thereof (the "Borrower"); 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 LACDA 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 LACDA 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 Los Angeles County Development Authority, as follows:

1. It is hereby found and determined that it is necessary and desirable for the LACDA to provide financing for the Project through the issuance, sale and delivery of the Bonds in order to assist in the acquisition, construction 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 LACDA hereby determines to issue its Multifamily Housing Mortgage Revenue Bonds (3rd and Dangler Apartments), 2021 Series F (or such other name or series designation as may be designated by officers or agents of the LACDA), 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 \$22,000,000 and the taxable portion of the Bonds being in an aggregate principal amount not to exceed \$12,000,000. The Bonds shall bear interest at the interest rate or rates set forth in or determined in accordance with a Trust Indenture (the “Indenture”), by and between the LACDA and U.S. Bank National Association, as trustee thereunder, maturing as provided in the Indenture, but not later than 35 years from the date of issuance. 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 limited obligations of the LACDA, payable solely from the income, revenues, proceeds and other amounts pledged therefor under the Indenture. The Bonds shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the LACDA.

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 LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, 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 LACDA and Bond Counsel to the LACDA (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 12%), 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 LACDA and their respective designee is each hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and 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 LACDA 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 “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 LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, 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 LACDA and Bond Counsel to the LACDA, 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 LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, 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 LACDA and Bond Counsel to the LACDA, 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 LACDA or his/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 LACDA with respect to the sale, issuance and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the LACDA are hereby authorized and directed, for and in the name and on behalf of the LACDA 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 Bank Loan 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 Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the LACDA.

9. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, this 18th day of May, 2021, by the following vote:

AYES: Supervisors Mitchell, Kuehl, Hahn, Berger and Solis

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: Hilda F. Solis
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer – Clerk
of the Board of Commissioners

By: [Signature]
Deputy



APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

By: Behnaz Tashakorian
Senior Deputy