



November 02, 2021

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

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

Dear Supervisors/Commissioners:

ADOPT A RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR CONSTRUCTION AND DEVELOPMENT OF AFFORDABLE SENIOR HOUSING AND AUTHORIZE EXECUTION OF AN INTERLOCAL COOPERATION AGREEMENT WITH THE CITY OF LONG BEACH (DISTRICT 4) (3 VOTE)

SUBJECT

This letter recommends adoption of a Resolution declaring the intent to issue Multifamily Housing Mortgage Revenue Bonds or Notes to finance the construction and development of Long Beach Senior Homes, a 68-unit affordable housing project in the City of Long Beach (Project), as well as authority to execute a related Interlocal Cooperation Agreement with the City of Long Beach.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Los Angeles County Development Authority (LACDA) to act as the agent of the County and to execute an Interlocal Cooperation Agreement (Agreement) between the County and the City of Long Beach and authorize LACDA to perform related tasks to issue Multifamily Housing Mortgage Revenue Bonds or Notes (Bonds) for the Project.
2. Find that this action is not subject to the provisions of the California Environmental Quality Act

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

4-D November 2, 2021

A handwritten signature in black ink, appearing to read "Celia Zavala".

CELIA ZAVALA
EXECUTIVE OFFICER

(CEQA) because it will not have the potential of causing a significant effect on the environment.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Adopt and instruct the Chair to sign a Resolution, as required under Treasury regulations, declaring an intent by Mercy Housing California 95 LP (Borrower), or an approved affiliate or assign thereof, to undertake bond financing in an amount not exceeding \$24,310,000 to finance the construction and development of the Project.
2. Authorize the Executive Director or designee to make a request to the California Debt Limit Allocation Committee (CDLAC) for the transfer to the LACDA of a private activity bond allocation in an aggregate amount not exceeding \$24,310,000 for the purposes described herein in connection with the Project and 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 LACDA in the manner provided by law prior to the sale thereof.
3. Approve the designation to act on behalf of the County and authorize the Executive Director or designee to execute and, if necessary, amend the Agreement, and to perform related tasks to complete this Bond issuance.
4. Find that adoption of this Resolution is not subject to the provisions of CEQA because the action will not have the potential of causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to declare the intent to issue Bonds in an aggregate amount not exceeding \$24,310,000 to finance the construction and development of the Project. The Project will be located at 901-945 East Pacific Coast Highway in the City of Long Beach.

When completed, the Project will be a four-story structure consisting of 68 dwelling units with 34 of the units designated as permanent supportive housing for very low-income seniors, 33 units for low- and moderate- income seniors, and one manager's unit. The first floor of the Project will have residential common areas, approximately 4,000 square feet of retail space, and 38 parking spaces.

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 the LACDA Board of Commissioners expresses the intent to issue the Bonds and 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 Bonds. California Government Code section 8869.85 requires a local agency to file an application with the CDLAC prior to the issuance of multifamily housing mortgage revenue bonds. To file an application, the LACDA will need a Resolution from the Board of Commissioners authorizing such action.

Adoption of the Resolution also authorizes the LACDA to make a request to CDLAC to transfer to the LACDA the private activity bond allocation for the Project. The developer of the Project, Mercy Housing California 95 LP, applied to CDLAC through the California Municipal Finance Authority (CMFA). However, pursuant to funding requirements outlined in the LACDA's Notice of Funding Availability (NOFA), the issuance of Bonds for the Project is to be undertaken by the LACDA. Transfer of the private activity bond allocation for the Project from CMFA to the LACDA will allow the developer to meet NOFA requirements. A request to transfer private activity bond allocation for the Project will be made by both the LACDA and CMFA to CDLAC.

The attached Resolution was prepared by Hawkins Delafield & Wood LLP, LACDA Bond Counsel, and approved as to form by County Counsel.

In addition, the Executive Director of the LACDA will be authorized to enter into an Agreement with the City of Long Beach on the County's behalf as required by California Health and Safety Code Section 52086. Execution of the Agreement will authorize issuance of the Bonds by the LACDA in the City of Long Beach.

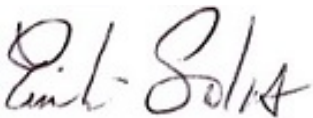
ENVIRONMENTAL DOCUMENTATION

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 increase the supply of housing for low-income seniors.

Respectfully submitted,



Emilio Salas

Executive Director

ES:LK:ML:DR

Enclosures

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

WHEREAS, the Los Angeles County Development Authority (the “LACDA”) 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 multifamily housing 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, Mercy Housing California 95 LP (or an affiliate or assign thereof) (the “Borrower”), has requested that the LACDA issue and sell its multifamily housing mortgage revenue bonds or notes pursuant to the Act to provide financing (including reimbursement of Borrower’s expenditures) for the acquisition, construction and development of a multifamily rental housing development consisting of 68 units located at 901-945 East Pacific Coast Highway, Long Beach, California 90806, located in the City of Long Beach and in the County of Los Angeles (the “Project”); and

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

WHEREAS, the LACDA, 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 LACDA 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 California Municipal Finance Authority (“CMFA”) made an application to CDLAC for a volume cap allocation in connection with the issuance of multifamily housing mortgage revenue bonds for the Project; and

WHEREAS, the LACDA’s Notice of Funding Availability requires that if a project is located in an incorporated city within the County and such incorporated city does not have authority to issue multifamily housing mortgage revenue bonds, then the LACDA must be the conduit issuer of such bonds; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to adopt this resolution (this “Resolution”) and, for purposes of Section 8869.86(b) of the Government Code relating to the volume cap allocation by CDLAC, to authorize the issuance of multifamily housing mortgage revenue bonds or notes by the LACDA to finance the Project in a principal amount not to exceed \$24,310,000; and

WHEREAS, the City of Long Beach has approved the issuance by the LACDA of the bonds or notes for the Project within the City of Long Beach; and

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 multifamily housing mortgage revenue bonds or notes (herein “Bonds”) pursuant to the Act and hereby authorizes, for purposes of Section 8869.86(b) of the Government Code and subject to Section 3 hereof, the issuance and sale of the Bonds in one or more series from time to time by the LACDA in aggregate principal amounts not to exceed \$24,310,000. 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 LACDA or any officer, agent or employee of the LACDA will grant any approval, consent or permit which may be required in connection with the acquisition, construction and development 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 LACDA 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 LACDA 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 LACDA hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this Resolution does not bind the LACDA to make any expenditure, incur any indebtedness, or proceed with the Project.

5. The proper officers of the LACDA are hereby authorized to make a request to CDLAC to transfer from CMFA to the LACDA the private activity bond allocation for the Project for application by the LACDA to the issuance the Bonds in one or more series from time to time for the Project in an amount not to exceed \$24,310,000, 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 LACDA 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 this Board in the manner provided by law prior to the sale thereof.

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

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PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, State of California, this 2nd day of November, 2021, by the following vote:

AYES: **Supervisors Mitchell, Kuehl, Hahn, Barger 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: *Kzomete*
Deputy



APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA,
County Counsel

By: *Behnaz Tashakorian*
Senior Deputy