COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Executive Director

November 20, 2007

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

Dear Supervisors:

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

IT IS RECOMMENDED THAT YOUR BOARD:

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 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.

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, in order to finance acquisition and construction of 125 units, which include 124 affordable multifamily rental housing units for seniors and one manager's unit.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Developer will pay all fees and costs related to the issuance.

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% 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% of AMI for the Los Angeles-Long Beach MSA, adjusted for household size, as determined by HUD. The affordability requirements will remain in effect for 55 years. All affordable units will be occupied by seniors. The manager's unit will have no affordability requirements.

Pursuant to Section 147(f) of the Internal Revenue Code, the Housing Authority conducted a public hearing regarding the issuance of the bonds on January 9, 2007 at its office located at 2 Coral Circle in Monterey Park. The hearing was held in order to inform the public about the Project and is required prior to issuance of the bonds. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project.

The Housing Commission recommended approval of the proposed action at its meeting on January 24, 2007. The Board of Commissioners of the Housing Authority adopted a Resolution on January 30, 2007, announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds. This resolution is valid for a period of five years.

On January 30, 2007, your Board adopted a Resolution approving issuance of the bonds. This action, however, did not authorize the issuance and sale of the bonds. The Housing Authority must return to the Board of Commissioners for authorization at a later date.

Under Internal Revenue Code regulations, the Resolution approving bond issuance is valid for 12 months, and the bonds must be issued by the end of that period. Due to the

lack of approval for financing from outside sources, the issuance of the bonds was delayed. In addition, the approval of the California Debt Limitation Allocation Committee (CDLAC) allocation will not occur until December 5, 2007, which may not allow sufficient time for the bonds to be issued prior to the 12-month deadline of January 30, 2008.

Therefore, as a precaution, your Board is being asked to adopt the attached Resolution to approve issuance of the bonds once again. This will extend the deadline beyond January 30, 2008 and allow the bonds to be issued any time before the March 4, 2008 CDLAC deadline. In preparation for this action, the Housing Authority conducted a second public hearing on October 9, 2007, at its office located at 2 Coral Circle in Monterey Park. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project, and it is anticipated that the bonds will be issued prior to March 4, 2008.

The attached Resolution was prepared by Orrick, Herrington & Sutcliffe, Housing Authority Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION:

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. This action 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.

An Environmental Assessment (EA) was prepared for the Villa Gardenias project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was approved by the Community Development Commission on April 9, 2007. Following the required public agency comment period, HUD issued a Release of Funds for the project on April 25, 2007.

The County of Los Angeles Department of Regional Planning prepared an Initial Study/Mitigated Negative Declaration (IS/MND) for this project pursuant to the requirements of CEQA. The County of Los Angeles approved the IS/MND on June 14, 2006.

The Community Development Commission, as Responsible Agency, considered the IS/MND prepared by the County of Los Angeles and determined that the project, with implementation of the mitigation measures identified in the IS/MND and the EA, will not have 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 for seniors in the County.

Respectfully submitted,

Bobbette G. Glover

for CARLOS JACKSON
Executive Director

Attachment: 1

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 1141 South Ditman Avenue in unincorporated Los Angeles County (the "Project"), to be owned by Villa Gardenias Senior Housing 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 October 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 20th day of November, 2007, by the following vote:

AYES: GLORIA MOLINA, YVONNE B. BURKE, ZEV YAROSLAVSKY, DON KNABE, MIKE ANTONOVICH

NOES: NONE

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: _____
Deputy

OHS West:260136694.2

21 of NOV 20, 2007