COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

December 11, 2007

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

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 Supervisors and Commissioners:

ADOPT RESOLUTIONS APPROVING ISSUANCE OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN UNINCORPORATED WHITTIER (4)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Acting as Lead Agency, find that the adoption of resolutions approving the issuance of Multifamily Housing Mortgage Revenue Bonds for the acquisition and rehabilitation of Leffingwell Manor is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the project will not have the potential for causing a significant effect on the environment.

2. Adopt and instruct the Chairman to sign a Resolution, provided as 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 $10,000,000 to Leffingwell Manor KBS, L.P. (the Developer), a California Limited Partnership, to finance the acquisition and rehabilitation of Leffingwell Manor, an 89-

unit multifamily rental housing development located at 11410 Santa Ana Gertrudes Avenue in unincorporated Whittier, and ratifying the inducement resolution previously adopted by California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment A.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Acting as a Responsible Agency pursuant to CEQA, certify that the Housing Authority has considered the determination made by the County of Los Angeles, as Lead Agency, and find that the project will not cause a significant effect on the environment.

2. Adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Leffingwell Manor KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding $10,000,000, for the acquisition and rehabilitation of Leffingwell Manor, a 89-unit multifamily rental housing development located at 11410 Santa Gertrudes Avenue in unincorporated Whittier, and ratifying the inducement resolution previously adopted by California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B.

3. Authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in 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 approve the issuance of Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding $10,000,000, and to authorize the Executive Director of the Housing Authority to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance acquisition and rehabilitation of 89 units, which include 88 affordable multifamily rental housing units and one manager's unit that will have no affordability requirements.

FISCAL IMPACT/FINANCING:

No County costs will be incurred. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Leffingwell Manor (the Project) is located at 11410 Santa Gertrudes Avenue in unincorporated Whittier, and consists of 89 one-bedroom apartments, including one manager's unit. The U.S. Department of Housing and Urban Development (HUD) currently provides Project-Based Rental Assistance (PRBA) under its Section 8 Program to all Project tenants, under a contract that expires on December 1, 2007. To receive PBRA, all tenants must have household incomes that do not exceed 50% of the Area Median Income (AMI). The Developer has requested a 20-year extension of the PBRA; however, even if an extension is approved, the PBRA is subject to annual renewals by HUD and may be cancelled in the future. There are no other affordability restrictions on the Project, and the units may convert to higher market rents if HUD terminates the PBRA.

However, the receipt of tax-exempt Bonds requires that the Project maintain affordability for 55 years, whether or not the PBRA continues. The Bond funding will require rent levels that are affordable for all tenants, with tenant incomes limited to 50% of AMI in 20% of the units (17 units) and 60% of AMI in the remaining units (71 units). The manager's unit will have no affordability requirements.

Adoption of the Resolution by the Board of Supervisors approving issuance of the bonds is required prior to submission of the Housing Authority's application to CDLAC for a private activity bond allocation. This action does not, however, authorize the issuance and sale of the bonds. The Housing Authority will return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the Board of Commissioners of the Housing Authority announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolutions are also required to complete the Housing Authority's application to CDLAC.

On October 5, 2007, the Housing Authority conducted a hearing, at its office located at 2 Coral Circle in the City of Monterey Park, regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No

comments were received at the public hearing concerning the issuance of the bonds or nature and location of the Project.

The County has never been a member of California Municipal Finance Authority (CMFA) and does not intend to join CMFA; therefore, the Housing Authority approval, ratification and confirmation of the inducement resolution previously adopted by CMFA will integrate the CMFA resolutions into Housing Authority financing and establish the relevant period for the Developer's reimbursement from the bonds. Specifically, because the CMFA resolutions were adopted March 9, 2007, the Developer may be permitted to look to an earlier date with respect to reimbursements for costs incurred or amounts spent prior to the adoption of the Housing Authority resolutions.

The attached Resolutions were prepared by Hawkins Delafield and Wood, Housing Authority Bond Counsel, and approved as to form by County Counsel. On November 28, 2007 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a)(3)(ii), this project is excluded from the National Environmental Policy Act (NEPA), because it involves activities that will not alter existing environmental conditions. The project is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing 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 retain the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Housing 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 $10,000,000 in aggregate principal amount (the "Bonds"), in order to assist in financing the acquisition and rehabilitation of several multifamily rental housing developments including 89 units located at 11410 Santa Gertrudes Avenue in unincorporated Los Angeles County (the "Leffingwell Manor Project"), to be owned by Leffingwell Manor KBS, L.P., a California limited partnership (or an affiliate or assign); and

WHEREAS, the California Municipal Finance Authority previously adopted a resolution approving a plan of financing to sell and issue multifamily housing revenue bonds with respect to the Leffingwell Manor Project, which resolution is hereby acknowledged, confirmed, ratified and incorporated by reference; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (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 Code only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Leffingwell Manor Project is located wholly within the County of Los Angeles, California (the "County"); and

WHEREAS, this Board of Supervisors of the County of Los Angeles (the "Board of Supervisors") is the elected legislative body of the County and is the applicable elected representative of the Housing Authority required to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority has, following notice duly given, held a public hearing regarding the issuance of the Bonds on October 5, 2007, and now desires that the Board of Supervisors approve the issuance of the Bonds; and

WHEREAS, this Board of Supervisors 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 Housing Authority to finance costs of the Leffingwell Manor Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitutes approval of the Leffingwell Manor Project and the plan of finance for the issuance of the Bonds for purposes of Section 147(f) of the Code.

3. The proper officers of the Housing Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance that 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 Housing 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 Housing 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 11TH day of DEC, 2007, by the following vote:

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

NOES: NONE

ABSENT:

ABSTAIN:

[SEAL]

By: _____
YVONNE B. BURKE
CHAIR, 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

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

WHEREAS, the Housing Authority of the County of Los Angeles (the "Housing 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 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, Leffingwell Manor KBS, L.P., a California limited partnership or an affiliate (the "Borrower") has requested that the Housing Authority issue and sell its mortgage revenue bonds pursuant to the Act to provide financing for the acquisition and rehabilitation of several multifamily rental housing developments including the multifamily rental housing development consisting of 89 units located at 11410 Santa Gertrudes Avenue, in unincorporated Los Angeles County (the "Leffingwell Manor Project"); and

WHEREAS, the Board of Commissioners of the Housing Authority (the "Board") hereby finds and declares that it is necessary, essential and a public purpose for the Housing 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 Leffingwell Manor Project, this Board desires to authorize the issuance of mortgage revenue bonds, in one or more series from time to time, by the Housing Authority in a principal amount not to exceed $10,000,000 which will relate to the Leffingwell Manor Project; and

WHEREAS, the Housing Authority, in the course of assisting the Borrower in the financing of the Leffingwell Manor Project expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Leffingwell Manor Project within 60 days prior to the adoption of that certain resolution previously adopted by the California Municipal Finance Authority in connection with the Leffingwell Manor Project, which resolution is hereby acknowledged, confirmed, ratified and incorporated by reference (the "CMFA Resolution") and prior to the issuance of indebtedness for the purpose of financing costs associated with the Leffingwell Manor Project on a long-term basis; and

WHEREAS, Treasury Regulations Sections 1.142-4 and 1.150-2 require the Housing Authority to declare its reasonable official intent to reimburse prior expenditures for the Leffingwell Manor Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of tax-exempt private activity bonds that may be issued in any calendar year by entities within a

state and authorizes the governor or the legislature of such 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, 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 financing for the Leffingwell Manor Project by the issuance and sale of mortgage revenue bonds pursuant to the Act and hereby authorizes the issuance and sale of such bonds in one or more series from time to time by the Housing Authority in an aggregate principal amount not to exceed $10,000,000 (the "Bonds"), which will relate to Leffingwell Manor. This action is taken expressly for the purpose of inducing the Borrower to undertake the Leffingwell Manor Project, provided that nothing contained herein shall be construed to signify that the Leffingwell Manor Project comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Housing Authority or any officer, agent or employee of the Housing Authority will grant any approval, consent or permit which may be required in connection with the acquisition and construction of the Leffingwell Manor 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 Housing 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 Board of Commissioners of the Housing Authority for purposes of establishing compliance with the requirements of Treasury Regulations Sections 1.142-4 and 1.150-2. In that regard, the Housing 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 Housing Authority to make any expenditure, incur any indebtedness, or proceed with the Leffingwell Manor Project.

5. The proper officers of the Housing Authority are hereby authorized and directed to apply to the CDLAC for a private activity bond allocation for authorization for the Housing Authority to issue the Bonds, in part for the Leffingwell Manor Project in an amount not to exceed $10,000,000 and to collect from the Borrower an amount equal to one-half of one

percent (0.5%) of the requested allocation, and to certify to the CDLAC that such amount has been placed on deposit in an account in a financial institution.

6. The proper officers of the Housing 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 this Board in the manner provided by law prior to the sale thereof.

7. This Resolution shall take effect immediately 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 __ day of _____, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN

[SEAL]

By: _____
Zev Yaroslavsky
Chairman, Board of Commissioners

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Commissioners

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

RESOLUTION NO. 07-18

A RESOLUTION OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE REVENUE BONDS TO FINANCE A PROJECT FOR LEFFINGWELL MANOR KBS, L.P. AND RELATED ACTIONS

WHEREAS, the California Municipal Finance Authority (the "Authority") is authorized and empowered by Title 1, Division 7, Chapter 5 of the California Government Code and Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (collectively, the "Act") to issue revenue bonds for the purpose of financing the acquisition, construction, rehabilitation, improvement and equipping of multifamily housing projects within the jurisdiction of the Authority for persons and families of low and very low income; and

WHEREAS, Leffingwell Manor KBS, L.P., or an affiliate thereof (the "Borrower") has requested that the Authority consider the issuance and sale of tax-exempt revenue bonds (the "Bonds") pursuant to the Act for the purpose of lending the proceeds thereof to the Borrower to finance the acquisition, rehabilitation, improvement and equipping of a 9-unit multifamily rental senior housing project known as Leffingwell Manor, to be located in Whittier, within the County of Los Angeles (the "County") at 11410 Santa Gertrudes, and to be owned and/or operated by the Borrower (the "Project"); and

WHEREAS, the Borrower has requested an expression of this Board's willingness to authorize the issuance of the Bonds at a future date when the Authority's requirements and conditions for the issuance of such Bonds have been satisfied; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds, provided certain conditions are met, for the purpose of financing costs of the Project, in an aggregate principal amount expected not to exceed $9,375,000;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

Section 1. The Board hereby finds and determines that the above recitals are true and correct.

Section 2. The Board finds and hereby determines that it is necessary and desirable to provide financing for the Project and hereby expresses its official intent, at one time or from time to time, to issue and sell the Bonds pursuant to the Act, subject to the conditions set forth herein. This resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. The Bonds will be payable solely from revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into with the Borrower in connection with the Project. The issuance of the Bonds is subject to the following conditions: (a) the Authority and the Borrower shall have first agreed to mutually acceptable terms for the Bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the Bond indenture, loan agreement, lease agreement or other agreements and other

related documents for the financing of the Project; (b) all requisite governmental approvals for the Bonds shall have been obtained, including the addition of the City or the County as a member of the Authority and approval of the issuance of the Bonds by the applicable elected representative of the City or the County pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 4 of the Agreement (hereinafter defined); and (c) a resolution approving the financing documents to which the Authority will be a party shall have been adopted by the Board.

Section 4. This resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Code. Based upon the representations of the Borrower, the Authority reasonably expects that certain of the costs of the Project will be reimbursed with the proceeds of the Bonds. The maximum principal amount of the Bonds is expected to be $9,375,000.

Section 5. The officers of and financial advisors to the Authority are hereby authorized and directed to take any and all actions as may be necessary or appropriate in connection with submission of an application to the California Debt Limit Allocation Committee for an allocation of the State's private activity bond volume cap under Section 146 of the Code and Section 8869.85 of the Government Code, if determined to be necessary, and compliance with the requirements of Section 147(f) of the Code relating to public approval of the Bonds, and any such actions heretofore taken by such officers and financial advisors are hereby ratified, approved and confirmed.

Section 6. Pursuant to Section 12 of the Joint Exercise of Powers Agreement forming the Authority (the "Agreement"), the Authority hereby approves the addition of the City as a member of the Authority, effective upon receipt by the Authority of an executed counterpart of the Agreement, together with a copy of the resolution of the City Council approving the Agreement and the execution and delivery thereof.

Section 7. This Resolution shall take effect immediately upon its passage and shall remain in force thereafter.

PASSED AND ADOPTED by the California Municipal Finance Authority this _____ day of _____, 2007, as follows:

AYES:

NOES:

ABSTAIN:

I, the undersigned, a duly appointed and qualified Member of the Board of Directors of the California Municipal Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on March 9, 2007.

By _____
Member of the Board
California Municipal Finance Authority

ATTEST:

By _____
Member of the Board
California Municipal Finance Authority