

MOTION BY SUPERVISOR JANICE HAHN

July 26, 2022

Multifamily Housing Mortgage Revenue Bonds for the Huntington Square Project

A Community of Friends (ACOF) has seen success in implementing a permanent supportive housing model throughout Los Angeles County. In fact, ACOF was the first agency to successfully implement the permanent supportive housing model throughout Los Angeles County and specifically works to provide people with special needs a safe and affordable place to live, which allows residents to focus on their mental and physical health.

ACOF has completed 13 projects with County funding, with another project currently in construction. These projects provide almost 600 units of supportive and affordable housing to the County. After being awarded financing through the Los Angeles County Development Authority’s (LACDA) Notice of Funding Availability (NOFA) Round 27, ACOF is now seeking to develop the Huntington Square project.

Consistent with the ACOF’s mission, Huntington Square is a four-story new construction affordable housing project that will serve seniors aged 62 years or older who are veterans, low-income, chronically homeless, and/or homeless and living with a mental

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illness. The project, to be located at 6101-6123 State Street, in the City of Huntington Park, will be supported by four Project Based Section 8 Vouchers and 31 Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers and will be comprised of 17 studio units, 30 one-bedroom units, and one two-bedroom manager's unit. The affordable unit mix will consist of eight studio units and 12 one-bedroom units reserved for low-income families earning 30% or less of AMI, six studio units and 15 one-bedroom units reserved for families earning 50% or less of AMI, and three studio units and three one-bedroom units reserved for families earning 60% or less of AMI.

The architectural design is comprised of three offset residential masses with a shared courtyard between them. The first floor is comprised of covered ground floor parking and offices for on-site property management and case management staff. The top three floors will have a mix of studio and one-bedroom residential units, along with additional community space that includes a community room with demonstration kitchen, computer lab, fitness center, and office space that opens onto a large, central courtyard. All floors will be served by an elevator and a laundry room is located on every floor.

To assist in financing Huntington Square, a Resolution by the Commissioners of the LACDA, declaring the intent to issue Multifamily Housing Mortgage Revenue Bonds in an amount not to exceed \$25,000,000 (Bonds) is required. This Resolution establishes a base date after which costs incurred by Huntington Square LP may be included in the construction and permanent financing obtained pursuant to the issuance of the Bonds. Huntington Square LP is a limited partnership that includes ACOF as a partner. The Resolution also authorizes the Executive Director of the LACDA to submit an application for the Bonds to the California Debt Limit Allocation Committee. Lastly, in order for

LACDA to issue the tax-exempt Bonds within the City's jurisdiction, the County will need to enter into an Interlocal Cooperation Agreement with the City of Huntington Park.

Huntington Square is great opportunity to provide much needed housing stability for low-income seniors and homeless veterans in the Huntington Park community. The project aims to supply social services and resources that will benefit the residents in an effort to combat the homeless crisis and better the community.

I, THEREFORE MOVE that the Board of Supervisors:

1. Approve and delegate authority to the LACDA to act as the agent of the County to execute an Interlocal Cooperation Agreement between the County and the City of Huntington Park, and to perform related tasks to complete the Bond issuance for the Project.
2. 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)(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.

I, FURTHER MOVE that the Board of Supervisors, acting as the 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 for the Borrower, or an LACDA-approved designee, to undertake Bond financing in an amount not exceeding \$25,000,000 to finance the Project.

2. Authorize the Executive Director, or his designee, to submit an application to CDLAC for a private activity Bond allocation of an aggregate amount not exceeding \$25,000,000 for the purposes described herein.
3. Accept the designation to act on behalf of the County, and authorize the Executive Director, or his designee, to execute an Interlocal Cooperation Agreement between the County and the City of Huntington Park, and to perform any related actions to complete the Bond issuance for the Project.
4. 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)(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.

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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, Huntington Square, L.P. (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 48 units located at 6101 - 6123 State Street, Huntington Park, California 90255, located in the City of Huntington Park, 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 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, 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 \$25,000,000; and

WHEREAS, the City of Huntington Park has approved the issuance by the LACDA of the bonds or notes for the Project within the City of Huntington Park; 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 an aggregate principal amount not to exceed \$25,000,000. 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 file an application with CDLAC and directed to apply to CDLAC for a private activity bond allocation 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 \$25,000,000, 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 26th day of July 2022, by the following vote:

AYES: **Supervisors Solis, Kuehl, Hahn, Barger and Mitchell**

NOES: **None**

ABSENT: **None**

ABSTAIN: **None**

By: 
Chair of the Board of Commissioners

ATTEST:

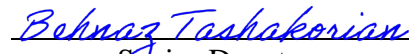
CELIA ZAVALA,
Chief Executive Officer-Clerk
of the Board of Commissioners

By: 
Deputy



APPROVED AS TO FORM:

DAWYN R. HARRISON,
Acting County Counsel

By: 
Senior Deputy