April 09, 2024

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 Commissioners:

**RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR THE DEVELOPMENT AND CONSTRUCTION OF AFFORDABLE MULTIFAMILY HOUSING IN THE CITY OF GARDENA (DISTRICT 2) (3 VOTE)**

## SUBJECT

This letter recommends that your Board adopt a resolution declaring the intent to issue Multifamily Housing Mortgage Revenue Bonds or Notes to finance the development and construction of the Toyon Gardens Project, a 78-unit affordable housing development to be located at 3127 West 147th Street in the City of Gardena.

## IT IS RECOMMENDED THAT THE BOARD:

1. Find that adoption of the Resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.

2. Adopt and instruct the Chair to sign a resolution, as required under Treasury regulations declaring an intent by Toyon Gardens, L.P. (Borrower), or an approved affiliate or assign thereof, to undertake bond financing in an amount not to exceed $37,500,000 to finance the acquisition, construction, rehabilitation, and/or development of the Toyon Gardens Project, a 78-unit affordable housing development to be located at 3127 West 147th Street in the City of Gardena.

3. Authorize the Executive Director, or designee, to submit an application to the California Debt Limit Allocation Committee for a private activity bond allocation on an aggregate amount not exceeding $37,500,000 for the purposes described herein 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 or notes are to be issued and sold shall be approved by the Los Angeles County Development Authority (LACDA) in the manner provided by law prior to the sale thereof.

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to declare the intent to issue Multifamily Housing Mortgage Revenue Bonds or Notes in an aggregate amount not exceeding $37,500,000 (Bonds) to finance the construction, rehabilitation, and/or development of the Project.

The Project will be a 29,277 square foot new construction affordable rental housing development that will consist of 78 units (including one manager's unit). The structure will be a five-story, wood frame building over a podium that will consist of 15 studio units, 53 one-bedroom units, and 10 two-bedroom units. The Project will serve special needs and homeless individuals with income levels between 30% and 60% of the Area Median Income (AMI). Sixty units will be reserved as permanent supportive housing, and the remaining units will be set aside as general affordable units restricted to households at or below 60% AMI.

The Project will feature amenities such as offices for supportive services, property management staff, and a laundry room. Residents will benefit from a 1,460 square foot community room and an outdoor landscaped area that will be 2,000 square feet in size. The Project will include 38 parking spots on the northern end of the site. The property manager will be Solari Enterprises, Inc., and Brilliant Corners will be the lead service provider.

## 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 or notes 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 the issuance of the bonds or notes. California Government Code section 8869.85 requires the LACDA file an application with the California Debt Limit Allocation Committee (CDLAC) prior to the issuance of multifamily housing mortgage revenue bonds or notes, and the LACDA requires authorization from this Board prior to filing applications for the Project.

The developer for the project is Brilliant Corners. The Borrower is a limited partnership that includes the developer as a partner.

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

## ENVIRONMENTAL DOCUMENTATION

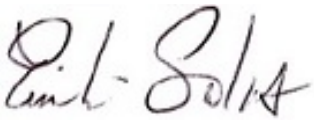
The proposed actions are not a project pursuant to CEQA because they are activities that are

excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed actions are administrative activities of government which will not result in direct or indirect physical change to the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed actions are a necessary step to provide bond financing for the Project, which will increase the supply of affordable multifamily housing in the County of Los Angeles with long-term affordability.

Respectfully submitted,



Emilio Salas
Executive Director

ES:LK:VB

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, Toyon Gardens, 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 78 units located at 3127 West 147th Street, Gardena, California 90249, located in the City of Gardena, 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 $37,500,000; and

WHEREAS, the City of Gardena has approved the issuance by the LACDA of the bonds or notes for the Project within the City of Gardena; 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 $37,500,000. 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 $37,500,000, 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.

[Remainder of page intentionally left blank.]

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, State of California, this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Chair of the Board of Commissioners

ATTEST:

JEFF LEVINSON
Interim Chief Executive Officer
of the Board of Commissioners

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: Behnaz Tashakorian
Senior Deputy