

MOTION BY SUPERVISOR HILDA L. SOLIS

August 6, 2024

Multifamily Housing Mortgage Revenue Bonds for the Casa de la Luz Project

Hollywood Community Housing Corporation (HCHC) is planning to develop Casa de la Luz, a 95-unit new construction to be located at 744 – 754 Kern Avenue in Unincorporated East Los Angeles (Project). The Project will be comprised of 93 affordable units and two manager’s units and will reserve 40 of the 93 units for homeless individuals earning up to 30% of the Area Median Income (AMI). The remaining 53 units will be reserved for individuals earning up to 60% AMI. The Project will feature several community rooms, a communal open area, and offices for property management and supportive services. The building will also include over 60 parking stalls in a subterranean garage along with plenty of bicycle parking and each floor will have its own laundry room. The People Concern, a social services agency, and HCHC will provide the staff for the resident services coordinator for 40 units assisted with funding through the No Place Like Home (NPLH) program.

HCHC originally did much of their work in Hollywood but has since branched out to other communities in Los Angeles County and unincorporated Los Angeles County

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and this Project will be another impactful addition to their growing portfolio. Since its inception, HCHC has developed 32 properties that house over 2,500 people in safe, attractive, and centrally located affordable housing. HCHC's main mission is to transform lives by creating and managing sustainable and affordable housing that respects the history, culture, and architecture of Los Angeles. HCHC provides services and access to resources to improve the quality of life for their residents and understands the importance of combining supportive services with. This model addresses the critical need for affordable rental homes, while addressing the need for supportive housing in Los Angeles County.

To assist in financing the Project, a Resolution by the Board of Commissioners of the Los Angeles County Development Authority (LACDA), declaring the intent to issue Multifamily Mortgage Revenue Bonds or Notes in an amount not to exceed \$45,536,387 (Bonds) is required. The Resolution establishes a base date after which costs incurred by HCHC, which will form a limited partnership, or an LACDA approved affiliate or assignee, may be included in the construction and permanent financing obtained pursuant to the issuance of the Bonds. The Bonds will be repaid solely by the Project, and HCHC will pay all fees and related costs. The Resolution also authorizes the Executive Director, or designee of the LACDA to submit an application for the Bonds to the California Debt Limit Allocation Committee (CDLAC).

On December 27, 2023, the LACDA issued its Notice of Funding Availability (NOFA) Round 30 for the development of affordable housing throughout the County. The LACDA received a total of 34 applications for funding affordable housing projects. NOFA Round 30 offered a total of \$160 million in NPLH and Affordable Housing Trust

Funds (AHTF) capital funding, and up to a total of 600 Project-Based Vouchers/Project-Based Veterans Affairs Supportive Housing vouchers. The Project received a funding recommendation through NOFA 30 for \$7,000,000 in NPLH funds. Approval of this funding will enable the Project to use County funds as leverage in their CDLAC application.

The proposed actions are not a project pursuant to the California Environmental Quality Act (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.

I, THEREFORE, MOVE 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 for the Hollywood Community Housing Corporation, which will form a limited partnership, or an LACDA approved affiliate or assignee, to undertake bond financing in an amount not exceeding \$45,536,387 to finance the Casa de la Luz development.
2. Authorize the Executive Director, or designee, to submit an application to the California Debt Limit Allocation Committee for a private activity bond allocation of an aggregate amount not exceeding \$45,536,387 for this purpose.
3. Approve a loan to Hollywood Community Housing Corporation for up to \$7,000,000 in NPLH fund for the development of this Project and authorize

the Executive Director, or his designee, to negotiate, execute, and if necessary, amend, or reduce a loan agreement with HCHC or a designee approved by the LACDA, and all related documents, including but not limited to documents to subordinate the loan to construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the Project, following approval as to form by County Counsel.

4. Authorize the Executive Director, or designee to incorporate, as needed, up to \$7,000,000 in NPLH Funds into the LACDA's approved Fiscal Year 2024-2025 budget, as needed.
5. Authorize the Executive Director, or his designee, to reallocate LACDA funding set aside for affordable housing at the time of Project's funding, as needed and within the Project's approved funding limit, in line with Project's needs, and within the requirements for each applicable funding source.
6. Find that approval of these actions is not subject to the provisions of CEQA because the actions will not have the potential of causing a significant effect on 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 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, Hollywood Community Housing Corporation, which will form a limited partnership (or an LACDA approved affiliate or assign, the “Borrower”), has requested that the LACDA issue and sell its mortgage revenue bonds or notes pursuant to the Act to provide financing (including reimbursement of Borrower’s expenditures) for the acquisition, construction, development or rehabilitation of a multifamily rental housing development consisting of 95 units to be located at 744 – 754 South Kern Avenue in unincorporated Los Angeles County, California (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 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 Project, this Board desires to adopt this resolution (this “Resolution”) and to authorize the issuance of mortgage revenue bonds or notes by the LACDA to finance the Project (the “Bonds”) in a principal amount not to exceed \$45,536,387; 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, 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 mortgage revenue bonds or notes pursuant to the Act and hereby authorizes the issuance and sale of the Bonds in one or more series from time to time by the LACDA pursuant to a plan of financing, in aggregate principal amounts not to exceed \$45,536,387. 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 and construction or rehabilitation 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 intended to qualify as a reimbursement resolution pursuant to Section 1.150-2 of the Treasury Regulations and, therefore, permit bond proceeds to reimburse the Borrower of Project expenditures incurred prior to the date of issuance of the Bonds. 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 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 \$45,536,387, 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 matter provided by law prior to the sale thereof.

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 6th day of August, 2024, by the following vote:

AYES: Supervisors Solis, Mitchell, Hahn, Barger and Horvath

NOES: 0

ABSENT: 0

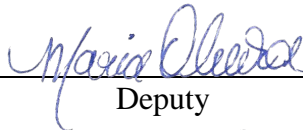
ABSTAIN: 0



By: 
Chair of the Board of Commissioners

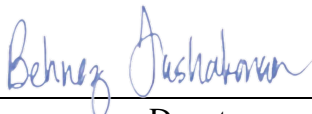
ATTEST:

EDWARD YEN
Executive Officer
of the Board of Commissioners

By: 
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON,
County Counsel

By: 
Deputy