



September 24, 2024

The 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 RESOLUTION APPROVING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING MORTGAGE REVENUE NOTES FOR MULTIFAMILY HOUSING IN THE CITY OF LOS ANGELES (DISTRICT 3) (3 VOTE)

SUBJECT

This letter requests that the Board of Supervisors adopt a Resolution approving the reissuance of Multifamily Housing Mortgage Revenue Notes (Notes) to finance the acquisition, construction and rehabilitation of Corazon del Valle (CDV) I (Project), owned and operated by CDV, LP, an affordable housing project located at 14545 Lanark Street in the City of Los Angeles.

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 Section 147(f) of the Internal Revenue Code of 1986, approving the reissuance of Multifamily Housing Mortgage Revenue Notes and related actions in an amount not to exceed an aggregate amount of \$36,193,000 to assist CDV, L.P. to finance the acquisition and rehabilitation of a 90-unit multifamily rental housing development to located at 1454 Lanark Street in the City of Los Angeles.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The action will authorize the reissuance of tax-exempt Multifamily Housing Mortgage Revenue Notes (Notes) by the Los Angeles County Development Authority (LACDA), which will finance the acquisition and rehabilitation of the Project in an aggregate amount not to exceed \$36,193,000. This

approval authorizes the LACDA to reissue Notes for the Project located at 14545 Lanark Street in the City of Los Angeles.

The Project will consist of a mix of 18 studio units, 27 one-bedroom units, 23 two-bedroom units, and 22 three-bedroom units, for a total of 90 units. Forty-nine (49) units are restricted to households with incomes not to exceed 30% of Area Median Income (AMI), 16 units will be restricted to households with incomes not to exceed 50% of AMI, and 23 units will be restricted to households not to exceed 60% of AMI for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development. The affordability requirements will remain in effect for 55 years. Forty-five (45) units will be restricted to homeless households. A two-bedroom unit and a three-bedroom unit will be set-aside for the property managers and will have no affordability requirements.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Notes 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

Pursuant to the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (Code), the County is permitted to issue Notes for the purpose of financing the acquisition, construction and rehabilitation of the multifamily rental housing located in the City of Los Angeles, and the County may issue such notes for multifamily rental housing throughout the County. The Code allows a county and one or more cities within a county to enter into agreements for the purpose of financing multifamily rental housing developments. The County has executed an Interlocal Cooperation Agreement with the City of Los Angeles to facilitate the LACDA's issuance of notes within the City for the Project.

On June 8, 2021 the Board of Supervisors and Commissioners adopted resolutions declaring the intent of the LACDA to undertake the financing of a Multifamily Housing Mortgage Revenue Notes project and approved the LACDA's issuance of a Multifamily Housing Mortgage Revenue Notes and related actions in accordance with Section 147(f) of the Internal Revenue Code of 1986 (the "Code"). This authorized the issuance, sale, and delivery of a tax-exempt multifamily housing mortgage revenue note in an aggregate principal amount not to exceed \$36,193,000 for the purpose of making a loan to provide financing for the Project.

Extension of the conversion date triggered a technical reissuance of the Notes because it is considered a significant modification of the Notes under the IRS Code. The original Board approval was only effective for three years after initial issuance, so a new hearing and approval was required based on the analysis of bond counsel.

On July 17, 2024, the LACDA conducted a public hearing regarding the issuance of multifamily notes 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 notes or the nature and location of the project.

The Resolution was prepared by Kutak Rock, Los Angeles County Development Authority Bond Counsel, and approved as to form by County Counsel.

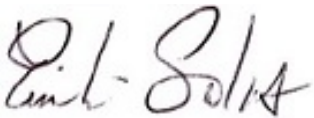
ENVIRONMENTAL DOCUMENTATION

The proposed action not a project pursuant to CEQA because the activities are excluded from the definition of a project by Section 15378 (b) 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.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to provide bond financing for the Projects, which will increase the supply of long term affordable multifamily housing in the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Emilio Salas". The signature is written in a cursive style with a large initial "E" and "S".

Emilio Salas

Executive Director

ES:LK:vb

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS OR NOTES AND RELATED ACTIONS IN THE COUNTY OF
LOS ANGELES

WHEREAS, the Los Angeles County Development Authority (the “LACDA”) previously issued, pursuant to the resolution of the Board of Commissioners on June 8, 2021, its \$27,000,000 Multifamily Housing Revenue Note (Corazón del Valle Apartments) 2021 Series E-1 (the “Tax-Exempt Note”) and its \$9,193,000 Multifamily Housing Revenue Note (Corazón del Valle Apartments) 2021 Taxable Series E-2 (the “Taxable Note” and together with the Tax-Exempt Note, the “Notes”), pursuant to a plan of financing to finance the acquisition, construction, development and rehabilitation of a multifamily rental housing development consisting of 90 units located at 14545 Lanark Street, Los Angeles, California 91402 in the City of Los Angeles and in the County of Los Angeles (the “Project”); and

CDV, L.P., a California limited partnership (the “Borrower”) has requested LACDA to approve certain modifications to the loan documents to extend the conversion date to the permanent period and certain other changes to the Notes (the “Amendments”); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the Amendments will cause the Tax-Exempt Note to be “reissued” under the Code; and

WHEREAS, the interest on the “reissued” Tax-Exempt Note may qualify for exclusion from gross income under Section 103 of the Code, only if such “reissued” Tax-Exempt Note is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the Tax-Exempt Note is required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds or notes are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds or notes is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California, and is within the City of Los Angeles; and

WHEREAS, the City of Los Angeles previously approved the issuance by the LACDA of the Notes for the Project within the City of Los Angeles;

WHEREAS, this Board of Supervisors (the “Board”) is the elected legislative body of the County and is the applicable elected representative of the LACDA within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the LACDA, following notice duly given, held a public hearing regarding the plan of financing and the issuance of such Notes on April 26, 2021; and

WHEREAS, pursuant to Section 147(f) of the Code, the LACDA, following notice duly given, held a public hearing regarding the plan of financing and the issuance and/or reissuance of the Notes on July 17, 2024;

WHEREAS, the LACDA held such public hearings on such dates, at which time an opportunity was provided to present arguments both for and against the issuance and/or reissuance of the Notes; and

WHEREAS, the minutes of said hearings, together with any written comments received in connection therewith, have been presented to this Board; and

WHEREAS, the Borrower has requested this Board to approve the reissuance of the Tax-Exempt Note for purposes of Section 147(f) of the Code;

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. Pursuant to and solely for purposes of Section 147(f) of the Code, this Board hereby approves the plan of financing and the reissuance of the Tax-Exempt Note by the LACDA in one or more series to finance costs of the Project. It is the purpose and intent of this Board that this Resolution constitute approval of the plan of financing and the Tax-Exempt by the applicable elected representative of the issuer of the Notes 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 Executive Officer of the Board or a deputy thereof is directed to certify and deliver a copy of this Resolution to the LACDA.
4. This Resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank]

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

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Chair of the Board of Supervisors

ATTEST:

EDWARD YEN,
Executive Officer
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON,
County Counsel

By:  _____
Deputy