

MOTION BY SUPERVISOR LINDSEY P. HORVATH

March 4, 2025

Resolution Approving the Reissuance of Tax-Exempt Multifamily Housing Mortgage Revenue Notes for the Corazón del Valle II Affordable Housing Project

The Corazón del Valle II project (“Project”), located at 14533 Lanark Street, in the City of Los Angeles, is a six-story affordable housing development that includes 90 housing units. Of the 90 units, 45 units are set aside for homeless individuals and households with incomes up to 30% of the Area Median Income (“AMI”), 43 units are set aside as general affordable units reserved for households earning up to 60% of AMI, and two are unrestricted manager’s units.

Project amenities include a community room, community kitchen, on-site laundry facilities, outdoor space including courtyards and a roof deck, office space for service providers and property management, and 86 parking spaces. The Project will meet the requirements for mobility (16 designated units) and sensory access (11 designated units).

Located in the Panorama City neighborhood of the San Fernando Valley, the Project was developed on County-owned property composed of a portion of one parcel of approximately 1.72 acres. The 1.72-acre parcel was split into two sites of approximately 0.86 acres each to allow for the development of two separate project phases - Corazón del Valle I and Corazón del Valle II. This action concerns phase two of the Project.

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HORVATH _____

HAHN _____

BARGER _____

Before being used for affordable housing development, the Project site was improved with one vacant office building of approximately 51,000 square feet that was formerly occupied by the Los Angeles County Department of Public Social Services (“DPSS”), which was demolished to allow for development of the Project. The County executed a 75-year ground lease with Holos (the “Developer,” formerly Clifford Beers Housing) for construction and operation of the Project.

On January 11, 2022, the Los Angeles County Development Authority (LACDA) issued, pursuant to the resolution of the Board of Commissioners on January 11, 2022, its \$25,600,000 Multifamily Housing Revenue Note (the “Tax Exempt Note”) and its \$10,700,000 Multifamily Housing Revenue Note (the “Taxable Note” and together with the Tax-Exempt Note, the “Notes”), pursuant to a plan of financing to finance the Project.

The Project completed construction and received a Certificate of Occupancy in September 2024. As part of the conversion of construction financing to permanent financing, the Project requires a new Resolution, pursuant to Section 147(f) of the Internal Revenue Code of 1986, because amendments required for the Project’s construction loan will result in a “reissuance” of the existing Tax-Exempt Note. In order to maintain the tax-exempt status of the interest on the Tax-Exempt Note, the LACDA and the County must execute the following actions: (1) The LACDA must conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the internal Revenue Code and (2) the County must approve a resolution approving the plan of financing and authorizing the “reissuance” of the Tax-Exempt Note. Although the LACDA was the issuer of the Notes, the plan of financing cannot proceed without the approval of the Board.

On February 18, 2025, at its office located at 700 West Main Street in Alhambra, the LACDA conducted a telephonic hearing regarding the plan of financing and the issuance or reissuance of the Tax-Exempt Note to finance the Project. No comments were received at the hearing concerning the plan of financing, the issuance or reissuance of the Tax-Exempt Note, or the nature or location of the Project.

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.

The attached Resolution was prepared by Kutak Rock LLP, LACDA Bond Counsel, and approved as to form by County Counsel.

I, THEREFORE, MOVE that the Board of Supervisors:

1. 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 \$36,300,000, which will be deemed to refinance a portion of the cost of the acquisition, construction, and development of Corazón del Valle II, a 90-unit project located at 14533 Lanark Street, Los Angeles, California 91402 in the City of Los Angeles and in the County of Los Angeles.

2. 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 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 January 11, 2022, its \$25,600,000 Multifamily Housing Revenue Note (Corazón del Valle II Apartments) 2022 Series C-1 (the “Tax-Exempt Note”) and its \$10,700,000 Multifamily Housing Revenue Note (Corazón del Valle II Apartments) 2022 Taxable Series C-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 14533 Lanark Street, Los Angeles, California 91402 in the City of Los Angeles and in the County of Los Angeles (the “Project”); and

CDV II, 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 February 18, 2025; and

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 _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Chair of the Board of Supervisors

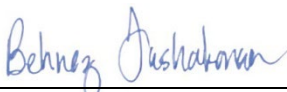
ATTEST:

EDWARD YEN,
Executive Officer
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON,
County Counsel

By:  _____
Behnaz Tashakorian
Senior Deputy County Counsel