

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 26, 2024

CAO File No. 0220-00540-1697

Council File No. 22-0876-S3

Council District: 14

To: The Mayor
The Council

From:  Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated May 28, 2024; Received by the City Administrative Officer on June 21, 2024; Additional Information Received through June 24, 2024

Subject: **REQUEST FOR AUTHORITY TO ISSUE FUNDING AWARDS LETTER TO OUNE HOUSE, AN AFFORDABLE HOUSING MANAGED PIPELINE PROJECT APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE IN 2024 ROUND 2 AND OTHER RELATED ACTIONS**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD) transmittal, dated May 28, 2024, relative to issuing a funding awards letter to Oune House, an Affordable Housing Managed Pipeline project applying to the California Tax Credit Allocation Committee (CTCAC) in 2024 Round 2 and other related actions;
2. Authorize the General Manager of the LAHD, or designee, to:
 - a. Issue a funding recommendation letter for the Oune House, as identified in the table in paragraph (e) below, subject to the following conditions:
 - i. The final funding commitment will not exceed the amount listed;
 - ii. The project sponsor must apply to the CTCAC in the next available Low Income Housing Tax Credits (LIHTC) allocation round; and,
 - iii. The disbursement of LAHD funds will occur only after the sponsor obtains enforceable commitment for all proposed funding;
 - b. Negotiate and execute acquisition/predevelopment/construction/permanent loan agreements with the legal owners of the Oune House project, which receives awards from the proposed leveraging sources, subject to the satisfaction of all conditions and

criteria contained in the LAHD Pipeline application, LAHD's transmittal, and the LAHD Award Letter (if applicable), and the review and approval of the City Attorney as to form;

- c. Execute subordination agreements of the City's financial commitment for Oune House, wherein the City Loan and Regulatory Agreements are subordinated to their respective conventional or municipally-funded construction and permanent loans, as required;
- d. Allow the transfer of the City's financial commitment for Oune House to a limited partnership, or other legal entity formed solely for the purpose of owning and operating the project, in accordance with City and Federal requirements;
- e. Obligate and disburse funds in the amounts below:

Project	Fund	Account	Account Name	Amount
Oune House	64R – SB2	43W723	Rental – New Construction	\$ 2,713,959
Oune House	561 – HOME	43Y800	Affordable Housing Managed Pipeline	4,342,041
			Total	\$7,056,000

- f. Prepare Controller instructions and any technical corrections as necessary to the transactions included in this report to implement the Mayor and Council intent, subject to the approval of the City Administrative Officer; and,
3. Instruct the General Manager of the LAHD, or designee, to report on LAHD strategy with regard to providing tie break letters to projects within the City applying for Nine Percent LIHTC.

SUMMARY

In its transmittal, dated May 28, 2024 (Report), the Los Angeles Housing Department (LAHD) requested authority to issue a funding commitment letter for Oune House, an Affordable Housing Managed Pipeline project applying for Nine Percent Low Income Housing Tax Credits (LIHTC) in the California Tax Credit Allocation Committee (CTCAC) 2024 Round 2, which has a deadline of July 2, 2024. The Oune House project will be funded by HOME Investment Partnerships Program Fund (HOME) and the SB2 Permanent Local Housing Allocation Fund. The LAHD further requested authority to negotiate and execute agreements for acquisition, predevelopment, construction and permanent loans, and to subordinate City loans and regulatory agreements. The LAHD also requested authority to transfer the City's financial commitments for the project receiving LAHD funding to a legal entity formed for the sole purpose of owning and operating the project. This Office concurs with the LAHD recommendations. In addition, this Office recommends the LAHD report on its strategy of providing tie break letters to all projects with City funding that are applying for nine

percent LIHTC. Previously, the LAHD only provided such letters to select projects applying to CTCAC's City of Los Angeles geographic set-aside.

The Oune House is a 57-unit supportive housing development located at 541 San Julian Street in Council District 14, to be developed by the SRO Housing Corporation. The Council previously authorized the LAHD to issue a tie break letter to the Oune House project when it applies for tax credits (C.F. 22-0876-S2).

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The Affordable Housing Managed Pipeline commitments are funded by the HOME Investment Partnerships Program Fund and the SB2 Permanent Local Housing Allocation Fund.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies in that the loan agreements will be funded by special funds supported by dedicated funding sources and expenditures will be limited to the mandates of the funding sources.

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