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CRA File No. 4859

Council District: 6

Contact Person: Margarita H. de Escontrias
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Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: John White, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on November 3, 2005, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

THE ISSUANCE OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$9,000,000 FOR THE VILLA DEL SOL APARTMENTS PROJECT IN THE PACOIMA/PANORAMA CITY EARTHQUAKE DISASTER ASSISTANCE PROJECT AREA (EAST VALLEY REGION) (CD6)

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act "CEQA")

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Richard L. Benbow, Acting Chief Executive Officer

cc: John White, Office of the City Clerk (Original & 7 Copies on 3-hole punch)
Lisa Johnson, Nancy Duong, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Adriana Martinez, Office of the Mayor
Neil Blumenkopf, Office of the City Attorney

MEMORANDUM

3

DATE: NOVEMBER 3, 2005 PC9330

TO: AGENCY COMMISSIONERS

FROM: RICHARD L. BENBOW, ACTING CHIEF EXECUTIVE OFFICER

RESPONSIBLE
PARTY: MARGARITA DE ESCONTRIAS, REGIONAL ADMINISTRATOR
CAREY K. JENKINS, SENIOR FINANCE OFFICER

SUBJECT: VARIOUS ACTIONS RELATED TO THE ISSUANCE OF TAX-EXEMPT
MULTI-FAMILY HOUSING REVENUE BONDS IN AN AMOUNT NOT TO
EXCEED \$9,000,000 FOR THE VILLA DEL SOL APARTMENTS PROJECT
IN THE PACOIMA/PANORAMA CITY EARTHQUAKE DISASTER
ASSISTANCE PROJECT AREA
(EAST VALLEY REGION) (CD6)

RECOMMENDATIONS

That the Agency:

1. Adopt the attached resolution (Attachment A) authorizing the issuance, sale and delivery of its multi-family housing revenue bonds for the Villa Del Sol Apartments Project, 2005 Series A, in one or more series, and authorizing certain other actions in connection with such bonds;
2. Authorize the Acting Chief Executive Officer (CEO) or his designee to approve all financing related documents associated with the subject project as well as any other ancillary documents required to complete this transaction; and

That the Agency Request that the City Council:

3. Adopt the attached Resolution (Attachment B) authorizing the issuance, sale and delivery of the Agency's multifamily housing revenue bonds for the Villa Del Sol Apartments, 2005 Series A, in one or more series and authorizing certain other actions with such bonds.

SUMMARY

On July 14, 2005, the Agency's Board authorized the submission of an application to the California Debt Limit Allocation Committee (CDLAC) for an award of tax-exempt multi-family housing bond allocation in an amount not to exceed \$9,000,000 (the "Bonds") for the Villa Del Sol Apartments (the "Project"). The CDLAC application was subsequently approved for the requested amount. The Project is now before the Board in consideration of its request to issue, sell, and deliver the Bonds.

SCOPE OF THE PROJECT

Villa del Sol Apartments is an existing 103-unit apartment community located at 11971 Allegheny Street in the Sun Valley area of Los Angeles (the "Project Site"). This area of the city is within the Pacoima/Panorama City Earthquake Disaster Assistance Project Area. The Project Site was built in 1970 and consists of 17 two-story wood frame and stucco buildings with flat roofs and 208 uncovered assigned parking spaces. Please see Attachment C for further details.

The development proposal calls for the issuance of Bonds and the allocation of 4% low-income housing tax credits to fund the acquisition, rehabilitation and permanent financing of the Project. Steadfast Villa del Sol, L.P. (the "Developer") has entered into a purchase contract with Wilshire-Sun Terrace Limited Partnership who currently owns the Project Site. Escrow is expected to close on or before December 1, 2005. Interim funds provided by the Developer will be used to finance the predevelopment costs associated with the Project with the understanding that Bond proceeds would ultimately reimburse out-of-pocket costs at the appropriate time. As a part of the proposed financing, the new bond and tax credit regulatory agreement will be placed on the Project Site in order to extend the affordability covenants for an additional term of 55 years.

Of the 103 units, 101 will be affordable. Eleven units (11% of the affordable total) will be reserved for households whose income does not exceed 50% of area median income, based on household size. Ninety units (89% of the affordable total) will be set aside for those households who earn 60% or less of the area median income. The remaining 2 units will be set aside as on-site manager's units. Currently, rents are restricted to 95% of the total units available at 60% of area median income.

The unit configuration consists of seven 1bedroom/1bath units (576 sq. ft.), twenty-four 2bedroom/1bath units (768 sq. ft.), and seventy-two 3bedroom/1.5bath units (996 sq. ft.). The entire parcel upon which the Project Site is located is zoned as R3-1, which allows for residential multi-family development of no greater than 54 units per acre. The Project Site is approximately 5.01 acres. Under the present configuration, the improvements are developed at a density of 21 units per acre. This allows for enhanced common area amenities, which include 3 laundry facilities, children's playground, and a BBQ area.

The development program for the Project entails major rehabilitation to exterior common areas as well as upgrades to individual units. Exterior rehabilitation will include new asphalt surfaces, landscaping, improved outdoor lighting, major roofing repairs, gutters and drainage system improvements, repairs to unit entry areas (wood supports are failing), repairs to leaks in the hot water system, and upgrades to individual gas meters for each unit. Interior improvements will consist of upgrades to worn carpets and closet doors, substantial electrical repairs, replacing kitchen cabinets and kitchen countertops as needed, mildew repairs and painting interior walls, replacing failing water heaters, servicing wall heaters, replacing old heat pumps from all top floor units, and upgrading each unit with new low flow toilets.

RELOCATION

As a part of its due diligence analysis, the Developer recently audited the compliance files of the Project. The results of this audit found that 11 of the existing tenants will not qualify for continuing residence at the Project Site as they earn more than 60% of Area Median Income. In approximately half of these cases, residents were earning substantially more than 60% of area median income. As a result, the Developer prepared a relocation plan for these residents.

Further, the Developer has been instructed it will have to pay relocation fees for the 11 designated households in accordance with Agency relocation benefit requirements. The Developer's offer will be extended to those tenants whose incomes are confirmed to exceed the new affordability restrictions that will take effect at closing of the Bonds, resulting in their being ineligible to reside in the Project. Monitoring of the payment of the relocation benefits and of the ongoing affordability covenants are identified in the Regulatory Agreement to be executed by the Agency and the Developer. A copy of the Regulatory Agreement and all other documents associated with this transaction are available upon request.

Onsite management will arrange a special meeting with the residents who will be facing displacement at least 90 days prior to their move. At that time, management will inform residents of the relocation assistance available to them and will provide them with, among other things, information regarding local rental properties as specified in the Developer's relocation plan that was submitted to CDLAC along with its application. Due to the fact that there are less than 15 relocatees, the Agency's regulations do not require the Developer to present a formal relocation plan to the Agency for consideration and approval. However, staff will continue to monitor the progress of the relocation throughout the transaction and ensure its adherence with respect to the Regulatory Agreement.

As for those tenants who will remain, it is anticipated that none will need temporary housing. The Developer will employ a construction schedule that will allow qualified residents to occupy their units as those units are renovated.

PROJECT FINANCING

Financing for the Project will come in the form of a private placement commitment with CharterMac Corporation. This commitment will stay in effect through December 31, 2005. Should closing of the transaction occur after this date, the terms of the existing agreement would be subject to change. The Bonds will be amortized over 40 years with a fixed rate of interest of 5.50%. Security for the Bonds will come in the form of a mortgage securing payment of the amounts due under the loan agreement by a first position lien. There are no Agency funds provided as a part of the Project.

In the event the Project does not achieve stabilization within 18 months from the end of the construction period, the private placement lender has the right to require a partial redemption of Bonds such that the debt service coverage ratio required in the stabilization test will be achieved on a going forward basis. For the purposes of the stabilization calculation, this figure includes 90 consecutive days at 90% occupancy in which the ratio of net operating income on the Project for each of the 3 months to maximum principal and interest on the Bonds payable equals or exceeds 1.1 to 1.0.

The other major component of the financing will consist of low income housing tax credits allocated to the Project by the California Tax Credit Allocation Committee (TCAC). Approval of the TCAC application occurred in August 2005.

A sources and uses table of Project funds is provided for in Attachment D. This includes a detailed breakdown of proposed rehabilitation costs. Based on Developer estimates, rehabilitation will require approximately \$24,970 per unit (Direct Construction). The total cost of the Project is \$16,135,600, or \$156,656 per unit. The majority of overall Project costs entail property acquisition of \$10,450,000. Construction estimates are based on a prevailing wage rate. Relocation benefits are also identified at the amount per State/Agency requirements.

RE

July 14, 2005 – Agency Board authorized the submission of an application to CDLAC for an award of tax-exempt housing revenue bonds for the Project.

August 2, 2005 – the Council concurred with the actions of the Agency Board.

SOURCE OF FUNDS

Tax-exempt multi-family housing revenue bonds and State of California Tax Credit Allocation Committee (TCAC) approved 4% tax credits.

PROGRAM AND BUDGET IMPACT

The proposed Project falls within the scope of the PC9330 Work Objective (Project Financing). As the issuer of the Bonds, the Agency will receive a one-time cost of issuance fee equal to \$25,000. The Agency will also receive an annual administrative fee of 1/10th of one percent (10 basis points) of the principal amount of bonds outstanding. This fee will be paid in arrears on each anniversary date of the issuance of the Bonds. There is no out-of-pocket cost to the Agency or impact on the City's General Fund.

ENVIRONMENTAL REVIEW

The recommended action is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Article VII, Section 1a. (1), of the Agency CEQA Guidelines, and Section 15301 (d) of the State CEQA Guidelines.

BACKGROUND

Over the last ten years, the Developer has built and/or rehabilitated a total of 49 separate projects. This represents approximately 10,600 units. The majority of these projects have taken place in California and were financed predominantly (69%) with tax-exempt housing revenue bonds.

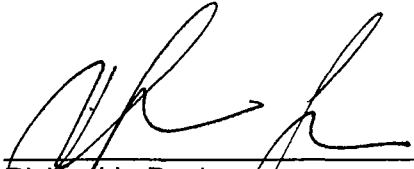
Steadfast Management Company, Inc. (the "Property Manager") is an affiliated company of the Developer and will provide day-to-day management at the Project Site. The Property Manager was formed approximately 5 years ago to provide necessary property management services and to handle the detailed housing compliance issues for the Developer's portfolio of projects financed through tax-exempt bonds and low income housing tax credits.

Under federal tax law, each state is entitled to an annual \$75 per capita in tax-exempt bond allocation. California regulates the approval of its allocation by CDLAC, which is provided staff support from the Office of the State Treasurer. For 2005, CDLAC established a rolling application process. Once the allocation has been awarded, projects are given 90–110 days to issue bonds and close the transaction or risk terminating the deal and forfeiting a performance deposit equal to 0.5% of the face value of the anticipated bond allocation.

The authorizing resolution (attached hereto as Attachment A) is typically the final official Agency action in the bond issuance process. Once the authorizing resolution is adopted, the Project will be transmitted to the City Council for final review and approval. Once City Council approval is

achieved Bonds can be issued. Based on the existing closing schedule this should take place on or before December 1, 2005.

Council Member Tony Cardenas, in whose district the Project is located, supports this development.


Richard L. Benbow
Acting Chief Executive Officer

There is no conflict of interest known to me that exists with regard to any Agency officer or employee concerning this action.

Attachments: A – Agency Authorizing Resolution
B – Council Resolution
C – Site Map
D – Sources and Uses of Project Funds

Attachment A

RESOLUTION NO. _____

**RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE
ISSUANCE, SALE AND DELIVERY OF THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES,
CALIFORNIA MULTIFAMILY HOUSING REVENUE BONDS (VILLA
DEL SOL APARTMENTS), 2005 SERIES A, IN ONE OR MORE SERIES,
AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION
WITH SUCH BONDS**

WHEREAS, The Community Redevelopment Agency of The City of Los Angeles, California (the "Agency"), is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Act"), and the powers of such agency include the power to issue revenue bonds for the purpose of financing the development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, Steadfast Villa del Sol, L.P., a California limited liability corporation, and entities related thereto (collectively, the "Borrower"), has requested that the Agency issue and sell revenue bonds to assist in the financing of the acquisition and rehabilitation of a multifamily housing project known as Villa del Sol Apartments, located within The City of Los Angeles (the "Project"); and

WHEREAS, the Agency has determined that (i) the Project is of benefit to persons of low and moderate income within The City of Los Angeles, (ii) the revenue bonds constitute the only reasonable means available to the community of financing the Project, and (iii) the issuance and sale of the revenue bonds will facilitate the financing of the Project and will accomplish a valid public purpose of the Agency; and

WHEREAS, the Agency has determined to issue its Multifamily Housing Revenue Bonds, 2005 Series A (the "Bonds") and loan the proceeds thereof to the Borrower, who shall be responsible for the payment of such Bonds, to allow the Borrower to reduce the cost of operating the Project and to assist in providing housing for persons of low and moderate income; and

WHEREAS, payment of the principal of and interest on the Bonds will be secured, to the extent described therein, by a mortgage loan and by certain other resources and assets constituting the trust estate under an Indenture of Trust (as defined herein) by and between the Agency and the Trustee; and

WHEREAS, there have been prepared and presented at this meeting the following documents required for the issuance of the Bonds, and such documents are now in substantially final form, appropriate to be executed and delivered for the purposes intended:

(1) Form of the Indenture of Trust (the "Indenture") to be entered into between the Agency and Wells Fargo Bank, National Association, as Trustee (the "Trustee"), providing for the authorization and issuance of the Bonds;

(2) Form of the Loan Agreement (the "Loan Agreement") to be entered into among the Agency, the Borrower and the Trustee;

(3) Form of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), to be entered into among the Borrower, the Agency and the Trustee; and

(4) Form of the Bond Purchase Agreement (the "Purchase Contract") to be entered into among the Agency, the Borrower and CHARTERMAC, a Delaware statutory trust, and its successors or assigns, as purchaser of the Bonds (the "Bond Purchaser").

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA DOES RESOLVE AS FOLLOWS:

Section 1. The recitals hereinabove set forth are true and correct, and the members of the Agency so find.

Section 2. Pursuant to the Act and the Indenture and for the purposes in the recitals hereinabove set forth, the Agency is hereby authorized to issue the Bonds. The Bonds shall be designated as "The Community Redevelopment Agency of The City of Los Angeles, California Multifamily Housing Revenue Bonds (Villa del Sol Apartments), 2005 Series A," in an aggregate principal amount not to exceed \$9,000,000. The Bonds shall be in the forms set forth in and otherwise in accordance with the Indenture, and shall be executed by the manual or facsimile signature of the Acting Chief Executive Officer of the Agency, or his designee, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Agency. The Bonds shall be issued and secured in accordance with the terms of the Indenture presented to this meeting. Payment of the principal of, redemption premium, if any, and interest on, the Bonds shall be made solely from the Trust Estate (as defined in the Indenture), and the Bonds shall not be deemed to constitute a debt or liability of the Agency or any member of the Agency.

Section 3. The form, terms and provisions of the Indenture are hereby approved in substantially the form now before this meeting with such changes therein as shall be approved by the Acting Chief Executive Officer of the Agency ("Acting CEO"), the Deputy Chief of Operations and the Chief Financial Officer of the Agency, and any written designee of the Acting CEO, or any of them (each a "Designated Officer"), executing the same; the execution thereof shall constitute conclusive evidence of the Agency's approval of any and all changes or revisions therein from the forms now before this Agency. The Designated Officers, acting in accordance with this Section 3, are hereby authorized to determine the actual aggregate principal amount of Bonds to be issued and to direct the execution and authentication of the Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The date, maturity date or dates (which shall not extend beyond December 1, 2050) interest rate or rates (which shall not exceed 12.0%), interest payment dates, denominations,

form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

Section 4. The form, terms and provisions of the Loan Agreement in the form presented at this meeting are approved and any Designated Officer, acting alone, is authorized to execute by manual or facsimile signature and deliver the Loan Agreement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Agency, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The form, terms and provisions of the Regulatory Agreement in the form presented at this meeting are approved and any Designated Officer, acting alone, is authorized to execute by manual or facsimile signature and deliver the Regulatory Agreement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Agency, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Agency is hereby authorized to sell the Bonds to the Bond Purchaser pursuant to the terms and conditions of the Purchase Contract. The form, terms and provisions of the Purchase Contract in the form presented at this meeting are approved and any Designated Officer, acting alone, is authorized to execute by manual or facsimile signature and deliver the Purchase Contract with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Agency, such approval to be conclusively evidenced by the delivery thereof. From and after the execution and delivery of the Purchase Contract, the officers, agents and employees of the Agency are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Contract.

Section 7. A Designated Officer's authority to approve the final terms of the sale of the Bonds and to execute or to direct the execution of the Purchase Contract shall commence upon the date of adoption of this Resolution and shall continue for twelve calendar months thereafter unless rescinded or modified by subsequent action of the Agency prior to the time that the Purchase Contract has been duly signed and delivered.

Section 8. Bond Counsel, on behalf of the Agency, is further authorized and directed to cause written notice to be provided to the California Debt and Investment Advisory Commission of the proposed sale of the Bonds, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with said Commission and to file such additional notices and reports as are deemed necessary or desirable by Bond Counsel in connection with the Bonds, and any prior such notices are hereby ratified, confirmed and approved.

Section 9. The Agency hereby appoints Wells Fargo Bank, National Association to serve as the Trustee for the Bonds pursuant to the Indenture. Such appointment shall be effective upon the issuance of the Bonds and shall remain in effect until the Agency, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Bond Purchaser in accordance with written instructions executed and delivered on behalf of the Agency by any Designated Officer, which Designated Officer, acting alone, is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Bond Purchaser in accordance with the Purchase Contract, upon payment of the purchase price thereof.

Section 10. All actions heretofore taken by the officers and agents of the Agency with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Designated Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to, those described in the Indenture, the Loan Agreement, the Regulatory Agreement, the Purchase Contract and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Agency and otherwise in order to carry out the financing of the Project.

Section 11. The Chair, Vice Chair and the Designated Officers and all officers, agents and employees of the Agency, for and on behalf of the Agency, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds and to carry out the terms of the agreements hereby approved. The Chair, the Vice Chair, the Designated Officers and all other officers, agents and employees of the Agency are further authorized and directed, for and on behalf of the Agency, to execute all papers, documents, certificates and other instruments, including but not limited to agreements with respect to the provision of credit enhancement and providing for real property security, a deed of trust and acceptance thereof, that may be required in order to carry out the authority conferred by this Resolution and such agreements or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments permitted in the Indenture of the proceeds of the Bonds and the execution and delivery of investment agreements related thereto, the execution and delivery by a Designated Officer of a tax certificate for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986 (as amended) and the execution and delivery of documents required by The Depository Trust Company in connection with the book-entry system.

Section 12. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 13. This Resolution shall be effective upon adoption.

Section 14. The Secretary shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by an Assistant Secretary with same force and effect as if performed by Secretary hereunder.

Adopted and approved this November __, 2005.

I hereby certify that the foregoing Resolution No. ____ was duly adopted by The Community Redevelopment Agency of The City of Los Angeles at a meeting thereof held on by the following vote:

Ayes:

Noes:

Abstain:

Absent:

ATTEST

Assistant Secretary of The Community
Redevelopment Agency of The City of Los
Angeles, California

Attachment B

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA MULTIFAMILY HOUSING REVENUE BONDS (VILLA DEL SOL APARTMENTS), 2005 SERIES A, IN ONE OR MORE SERIES, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SUCH BONDS

WHEREAS, The Community Redevelopment Agency of The City of Los Angeles (the "Agency"), is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Act"), and the powers of such agency include the power to issue revenue bonds for the purpose of financing the development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, Steadfast Villa del Sol, L.P., a California limited partnership, and entities related thereto (collectively, the "Borrower"), has requested that the Agency issue and sell revenue bonds to assist in the financing of the acquisition and rehabilitation of a multifamily housing project known as Villa del Sol Apartments (the "Project"); and

WHEREAS, the Agency has determined that the issuance and sale of the revenue bonds will facilitate the financing of the Project and will accomplish a valid public purpose of the Agency; and

WHEREAS, the Agency has determined to issue not to exceed \$9,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds, 2005 Series A (the "Bonds") and to loan the proceeds thereof to the Borrower, who shall be responsible for the payment of such Bonds, to allow the Borrower to reduce the cost of operating the Project and to assist in providing housing for persons of low and moderate income; and

WHEREAS, payment of the principal of and interest on the Bonds will be secured, to the extent described therein, by a mortgage loan and by certain other resources and assets constituting the trust estate; and

WHEREAS, the certain Agency actions related to the issuance, sale and delivery of said Bonds are subject to the approval of this City Council of the City of Los Angeles (the "Council") and the Agency is desirous of obtaining such approvals pursuant to this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES:

Section 1. The Council hereby determines that (i) the Project is of benefit to persons of low and moderate income within The City of Los Angeles (the "City"), (ii) issuance of the revenue bonds constitutes the only reasonable means available to the community of financing the Project, and (iii) the issuance and sale of the revenue bonds will facilitate the financing of the Project and will accomplish a valid public purpose of the Agency.

Section 2. Pursuant to Section 33640 of the Health and Safety Code of the State of California, the City Council hereby approves the issuance of up to \$9,000,000 aggregate principal amount of Bonds financing the development of multifamily rental housing for persons of low and moderate income and to pay the costs incidental thereto.

Section 3. Said Bonds may be issued so that the interest thereon shall be excluded from federal income taxation under the Internal Revenue Code of 1986 (as amended) or not so excluded or part excluded and part not excluded and may be issued bearing a fixed interest rate or a variable interest rate or part fixed and part variable; provided however, that the Bonds shall be sold and awarded through negotiated private sale and, provided further, that no Bond shall bear interest at a rate in excess of 12% per annum or have a maturity date beyond December 1, 2050. The Agency is hereby authorized to secure credit enhancement and risk reduction arrangements, including bond insurance, letters of credit, lines of credit and similar banking arrangements, on some or all of the Bonds hereinabove authorized, on such terms and conditions as the Agency deems necessary and desirable. Any offer to purchase the Bonds accepted by the Agency or a duly authorized representative thereof consistent with this resolution shall be, and shall be deemed to be, the duly authorized action of the Agency with respect thereto hereby approved under Section 8.99.04 of the Administrative Code of the City of Los Angeles (the "Administrative Code") and not subject to the provisions of Section 8.99.05 of the Administrative Code.

Section 4. The officers of the Agency and their designees, and each of them, are hereby authorized and directed to prepare, adopt, approve and distribute its resolutions and trust indentures or fiscal agent agreements authorizing and effectuating the issuance of the hereinabove approved Bonds and one or more preliminary and final official statement(s) for the sale of such Bonds, and the Agency is hereby further authorized and directed to prepare, publish and distribute such other notices, documents, agreements, certificates, opinions and instruments as the Agency shall deem necessary or desirable to effectuate the issuance and sale of Bonds hereinabove approved and any and all prior and future such actions taken which are consistent with this resolution shall be, and shall be deemed to be, the duly authorized actions of the Agency with respect thereto and hereby approved, ratified and confirmed under Section 8.99.04 of the Administrative Code and not subject to the provisions of Section 8.99.05 of the Administrative Code.

Section 5. This resolution shall take effect immediately upon its adoption.

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Section 6. The action of the City Council in adopting this resolution shall not result in any pecuniary liability whatsoever on the part of the City.

PASSED AND ADOPTED THIS _____, 2005.

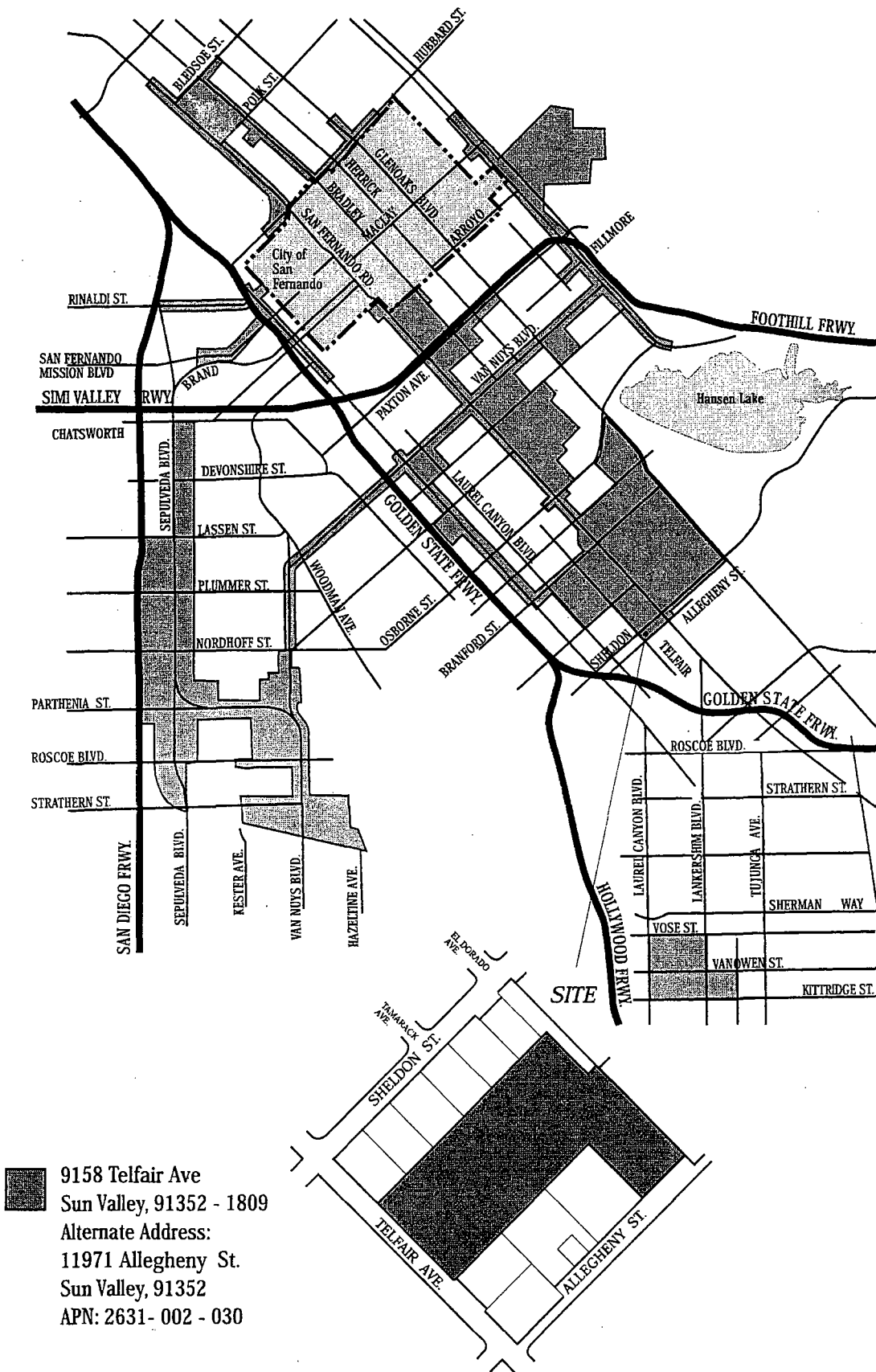
I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Los Angeles, California, at its meeting held _____, 2005.

City Clerk of the City of Los Angeles

By: _____

Pacoima/Panorama City Redevelopment Project Area

CRA/LA



Attachment D

SOURCES AND USES OF PROJECT FUNDS WITH COST OF REHABILITATION DETAIL

<u>Project Sources (Permanent)</u>	<u>Amount</u>	<u>Rehabilitation Component</u>	<u>Amount</u>
Tax-Exempt Bond Proceeds	8,782,000	Leasing Office	63,200
Low Income Housing Tax Credit Equity	5,063,600	Community Site Area	261,300
Deferred Developer Fee	1,565,500	Apartment Exterior	1,079,600
<u>Other (construction period NOI)</u>	<u>724,500</u>	Apartment Interior	728,800
Total	<u><u>16,135,600</u></u>	Contingency	121,500
		Marketing (signage, brochures)	16,600
		<u>General Conditions (builder overhead/profit)</u>	<u>300,900</u>
		Total	<u><u>2,571,900</u></u>
<u>Project Uses</u>	<u>Amount</u>		
Acquisition	10,450,000		
Hard Construction Costs (1) (2)	2,271,000		
Architect and Engineering	109,400		
Contractor Overhead and Profit (2)	300,900		
Developer Fee (3)	1,719,400		
Relocation (4)	385,000		
Cost of Issuance	282,900		
Capitalized Interest	444,500		
<u>Other Soft Costs (legal fees)</u>	<u>172,500</u>		
Total	<u><u>16,135,600</u></u>		

(1) construction costs based on a prevailing wage rate

(2) subcategory of Rehabilitation Component

(3) equal to 15% of eligible basis and consistent with TCAC regulations Sec. 10327

(4) allocation of up to \$35,000 per relocatee