

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 26, 2017

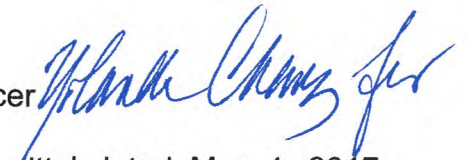
CAO File No. 0220-00540-1241

Council File No. 16-0184

Council District: 1

To: The Mayor  
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer



Reference: Housing and Community Investment Department transmittal dated May 4, 2017;  
Received by the City Administrative Officer on May 12, 2017

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCID) REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN THE FORM OF A NOTE IN AN AMOUNT UP TO \$6,400,000, INCREASE THE HCID LOAN COMMITMENT BY \$530,000 AND RELATED ACTIONS FOR THE CASA CARMEN SENIOR APARTMENTS**

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### RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, adopt the recommendations included in the Housing and Community Investment Department transmittal dated May 4, 2017 related to the financing of the Casa Carmen Senior Apartments project.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multi-family housing conduit revenue bonds in the form of a note in an amount not to exceed \$6,400,000 to finance the construction of the affordable housing development known as the Casa Carmen Senior Apartments Project (Project). The HCID indicates that the Project consists of the acquisition and new construction of 24 units of affordable housing for homeless seniors and one unrestricted manager unit. The subject site is located at 1800 W. 11<sup>th</sup> Place, Los Angeles, CA 90006 in Council District One. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on October 19, 2016 in an amount not to exceed \$6,400,000 and designated a May 1, 2017 issuance deadline, which was extended to August 1, 2017 as requested by HCID. The HCID additionally requests authority to increase the HCID loan commitment to the Project by \$530,000, for a new total loan amount of \$2,580,000, to address a funding gap caused by a decrease in tax credit equity pricing that could not be addressed by value engineering and adjustments to soft costs. This Office concurs with the recommendations of the Department.

The City's involvement in the issuance of tax-exempt, multi-family housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of Casa Carmen Senior Apartments, L.P. and the City bears no financial responsibility for repayment as the issuer. There will be no impact to the General Fund. The financing is consistent with City policies regarding conduit financing. This Office concurs with the recommendations of the Department.

The Council adopted a Responsible Banking Ordinance (RBO) in May 2012 (C.F. 09-0234 and C.F. 09-0234-S1). The purpose of the RBO is to create a social investment policy that reflects the community's priorities and acts as a tool when seeking financial services. Citibank, N.A. (Citi) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Citi continues to adhere to the RBO. The City has business relations with Citi; however, since the City acts only as a conduit issuer in these bond transactions and has no financial interest, the selection of the bank does not constitute City business.

### **FISCAL IMPACT STATEMENT**

There will be no impact to the General Fund as a result of the issuance of these tax-exempt multi-family conduit revenue bonds (bonds) or the increased loan commitment for the Casa Carmen Senior Apartments Project (Project). The City is a conduit issuer and does not incur liability for the repayment of the bonds, which are a limited obligation payable solely from the revenues of the Project, and the City will in no way be obligated to make payments on the bonds. The increased loan commitment will not impact the General Fund as it will be fully supported by CRA Excess Non-Housing Bond Proceeds.

*RHL:NSC:02170177C*