

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 28, 2016

CAO File No. 0220-00540-1216

Council File No. 16-0339

Council District: 1, 2, 7, and 12

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department (HCID) transmittal dated October 17, 2016; Received by the City Administrative Officer October 19, 2016; Additional information received through November 18, 2016

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORITY TO ISSUE UP TO AN AGGREGATE AMOUNT OF \$17,050,000 IN TAX-EXEMPT MULTI-FAMILY CONDUIT REVENUE BONDS IN THE FORM OF A NOTE AND NEGOTIATE AND EXECUTE LOAN AMENDMENTS FOR THE VIVIENDAS DEL VALLE AND NEW PARK PLACE APARTMENTS**

RECOMMENDATIONS

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

1. Adopt the Resolution attached to the Housing and Community Investment Department (HCID) report dated October 17, 2016, authorizing the issuance of up to \$10,700,000 in tax-exempt multi-family conduit revenue bonds for the development of the Viviendas del Valle Apartments;
2. Adopt the Resolution attached to the HCID report dated October 17, 2016, authorizing the issuance of up to \$6,350,000 in tax-exempt multi-family conduit revenue bonds for the development of the New Park Place Apartments;
3. Authorize the General Manager, HCID, or designee, to negotiate and execute:
 - a. The relevant bond documents for the Viviendas del Valle and New Park Place Apartments, subject to the approval of the City Attorney as to form; and,
 - b. Amendments to the existing loan documents related to Viviendas del Valle and New Park Place, including but not limited to: 1) Loan and affordability terms; 2) interest rate; 3) subordination to new permanent loans; 4) accrued interest forgiveness; and 5) assumption, assignment and transfer to a new limited partnership, subject to the approval of the City Attorney as to form.

SUMMARY

The Housing and Community Investment Department (HCID) transmittal dated October 17, 2016 requests authority to issue tax-exempt multi-family housing conduit revenue bonds in the form of a Note, in an aggregate amount not to exceed \$17,050,000, to finance the Viviendas del Valle (VDV) and New Park Place (NPP) affordable housing developments. Subsequently, the Department released an Erratum to the original transmittal to clarify the HCID request for the forgiveness of accrued interest (C.F. 16-0339).

The HCID indicates that VDV consists of the acquisition and rehabilitation of three existing apartment buildings with a combined 100 units including three manager units for the continued provision of affordable housing for families and individuals. The subject sites are located at 13230 Bromont Street, Los Angeles, CA, 7939 Reseda Boulevard, Los Angeles, CA, and 14045 Oxnard Street, Los Angeles, CA in Council Districts Seven, Twelve and Two, respectively. The California Debt Limit Allocation Committee (CDLAC) awarded the bond allocation for VDV to the City of Los Angeles (City) on July 20, 2016 in an amount not to exceed \$10,700,000 and a bond issuance deadline of January 30, 2017.

The HCID indicates that NPP consists of the acquisition and rehabilitation of an existing apartment building with 49 units including one manager unit, for the continued provision of affordable housing for families and individuals. The subject site is located at 2500 W. 4th Street, Los Angeles, CA in Council District One. The California Debt Limit Allocation Committee (CDLAC) awarded the bond allocation for NPP to the City of Los Angeles (City) on September 21, 2016 in an amount not to exceed \$6,350,000 and a bond issuance deadline of March 20, 2017.

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 the individual project sponsors, Viviendas del Valle, L.P. and New Park Place, 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. MUFG Union Bank, N.A. (Union Bank) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Union Bank continues to adhere to the RBO. The City has business relations with Union Bank; 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). 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 Viviendas del Valle and New Park Place Apartments, and the City will in no way be obligated to make payments on the bonds.

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