

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: May 2, 2019

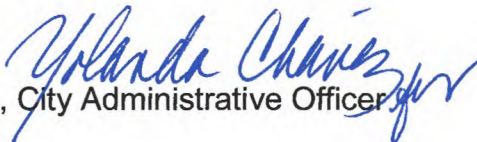
CAO File No. 0220-00540-1351

Council File No. 16-0419-S1

Council District: 8

To: The Mayor  
The Council

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



Reference: Housing and Community Investment Department transmittal dated April 4, 2019;  
Received by the City Administrative Officer on April 12, 2019;

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTI-FAMILY CONDUIT  
REVENUE BONDS IN AN AMOUNT UP TO \$4,246,179 FOR THE FLORENCE  
MOREHOUSE APARTMENTS PROJECT**

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**RECOMMENDATION**

That the Council, subject to the approval of the Mayor, adopt Recommendations I and II of the Housing and Community Investment Department transmittal dated April 4, 2019 relative to the issuance of tax-exempt multi-family conduit revenue bonds for the development of the Florence Morehouse Apartments Project.

**SUMMARY**

The Housing and Community Investment Department (HCID) requests authority to issue supplemental tax-exempt multi-family housing conduit revenue bonds in an amount not to exceed \$4,246,179 to finance the construction of the affordable housing development known as the Florence Morehouse Apartments Project (Project). The Project consists of the rehabilitation of two existing apartment complexes with 59 units serving low-income families plus two manager units. The subject sites are located at 910-916 Florence Avenue, Los Angeles, CA 90001 and 1750 West Martin Luther King Jr. Boulevard, Los Angeles, CA 90062 in Council District 8. The California Debt Limit Allocation Committee (CDLAC) awarded the supplemental tax-exempt bond allocation for the Project to the City on March 20, 2019 in an amount not to exceed \$4,246,179 and designated a September 16, 2019 issuance deadline. 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 Florence Morehouse, 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.

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. Wells Fargo Bank, N.A. (Wells Fargo) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Wells Fargo will continue to adhere to the RBO. Since the City acts only as a conduit issuer in these bond transactions and has no financial interest, the selection of these financial institutions 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) for the Florence Morehouse Apartments (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.

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