

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 8, 2016

CAO File No. 0220-00540-1189

Council File No. 16-0799

Council District: 4

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Housing and Community Investment Department transmittal dated July 6, 2016;
Received by the City Administrative Officer July 11, 2016

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR
AUTHORITY TO ISSUE UP TO \$18,000,000 IN SUPPLEMENTAL TAX-EXEMPT
MULTI-FAMILY CONDUIT REVENUE BONDS FOR THE CRESCENT VILLAGES
APARTMENTS**

RECOMMENDATIONS

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

1. Adopt the Resolution attached to the transmittal from the Housing and Community Investment Department (HCID) dated July 6, 2016, authorizing the issuance of up to \$18,000,000 in tax-exempt multi-family conduit revenue bonds in the form of multi-family collateralized notes for the acquisition and rehabilitation of the Crescent Villages Apartments Project;
2. Authorize the General Manager, HCID, or designee, to negotiate and execute:
 - a. The relevant bond documents for the Hancock Gardens Senior Apartments, subject to the approval of the City Attorney as to form; and,
 - b. An amended loan agreement with Crescent Village, L.P. relative to the rehabilitation of the Crescent Villages Apartments to: (1) extend the term of the HCID loan agreement to be coterminous with the 55 year term of the bond Regulatory Agreement, (2) amend the interest rate, and (3) allow the transfer of the title to the new limited partnership, subject to the review and approval of the City Attorney as to form and legality.

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

\$18,000,000, to finance the acquisition and rehabilitation of the affordable housing development known as the Crescent Villages Apartments Project (Project). The Project consists of the acquisition and rehabilitation of 144 units across two sites for the continued provision of affordable housing for families. The subject sites are located at 1721 West 8th Street and 1315 West 7th Street, Los Angeles, CA 90017 in Council District 1. The California Debt Limit Allocation Committee (CDLAC) awarded the supplemental bond allocation for the Project to the City of Los Angeles (City) on May 18, 2016 in an amount not to exceed \$18,000,000 and a bond issuance deadline of November 28, 2016. Additionally, HCID requests authority to amend the loan agreement for an existing Community Development Block Grant residual receipts loan in the amount of \$12,186,381 for the development of the Project to extend the loan term to be coterminous with the bond Regulatory Agreement, lower the interest rate from five percent to three percent and to transfer the title from the current borrower to the new limited partnership.

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 Crescent Villages II, 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 the 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). 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 Crescent Villages Apartments Project, and the City will in no way be obligated to make payments on the bonds.

MAS:NSC:02170007C