

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER


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Date: December 7, 2016

CAO File No. 0220-00540-1214  
Council File No. 16-1295  
Council District: 8

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated October 27, 2016; Received by the City Administrative Officer November 18, 2016.

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTI-FAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$22,000,000, A TAXABLE CONDUIT BOND IN AN AMOUNT UP TO \$1,500,000, AND A LETTER OF COMMITMENT FROM THE AFFORDABLE HOUSING TRUST FUND IN AN AMOUNT NOT TO EXCEED \$4,900,000 FOR THE ROLLAND CURTIS WEST APARTMENTS**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations of the Housing and Community Investment Department (HCID) transmittal dated October 27, 2016 related to the development of the Rolland Curtis West Apartments.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multi-family housing conduit revenue bonds in an amount not to exceed \$22,000,000 and a taxable conduit bond in an amount not to exceed \$1,500,000 for an aggregate total not to exceed \$23,500,000 to finance the construction of the affordable housing development known as the Rolland Curtis West Apartments Project (Project). The HCID indicates that the Project is the second of three phases for the mixed-use transit oriented development known as Rolland Curtis Gardens. The Project consists of the construction of 70 units of affordable housing for individuals and families, including one unrestricted manager unit. The subject site is located at 1077 W 38<sup>th</sup> Street, Los Angeles, CA 90037 in Council District 8. The California Debt Limit Allocation Committee (CDLAC) awarded the bond allocation for the Project to the City of Los Angeles (City) on September 21, 2016 in an amount not to exceed \$22,000,000 and a bond issuance deadline of March 21, 2017. The HCID has informed CDLAC of the intention to issue taxable conduit bonds in an amount not to exceed \$1,500,000 for the development of the Project and has received the necessary approvals.

Additionally, HCID requests authority to issue an Affordable Housing Trust Fund (AHTF) financial commitment letter for the Project and to negotiate and execute a loan agreement with Rolland Curtis West, L.P. subject to the following: 1) that the final AHTF financial commitment not exceed \$4,900,000; 2) that Rolland Curtis West, L.P. apply in the next California Tax Credit Allocation Committee and CDLAC rounds for 4% Low Income Housing Tax Credit and tax-exempt bond allocations; and, 3) that the disbursement of AHTF funds take place after the sponsor obtains enforceable commitments for all proposed funding sources.

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 Rolland Curtis West, 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. 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 continues to adhere to the RBO. The City has business relations with Wells Fargo; 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 and taxable conduit 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 Rolland Curtis West Apartments Project, and the City will in no way be obligated to make payments on the bonds.

*MAS:NSC:2170084C*