

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 9, 2018

CAO File No. 0220-05454-0000
Council File No. 17-0038-S2
Council District: 15

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated February 27, 2018; Received by the City Administrative Officer on March 2, 2018; Additional Information Received through March 8, 2018

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$32,650,000 FOR THE JORDAN DOWNS PHASE 1B APARTMENTS**

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 February 27, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Jordan Downs Phase 1B 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 \$32,650,000 to finance the construction of the affordable housing development known as the Jordan Downs Phase 1B Apartments (Project). The Project will consist of the demolition of the Jordan Downs public housing development and the new construction of a mixed income community with 135 units consisting of flats and walk-ups, but primarily 2-story townhomes build over flats. The subject site is located at 2060-2390 E. Century Boulevard, Los Angeles, CA 90002 in Council District 15. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on September 20, 2017 in an amount not to exceed \$32,650,000 and designated a March 19, 2018 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 Jordan Downs Phase 1B, 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. Bank of America (BoFA), Red Capital Markets, LLC (Red Capital), and Raymond James & Associates, Inc. are currently in compliance with the reporting requirements of the RBO and HCID will ensure that they 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 Jordan Downs Phase 1B 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.

RHL:EIC:02180082C