

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 8, 2017

CAO File No. 0220-05417-0000

Council File No. 17-0583-S1

Council District: 14

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated October 20, 2017; Received by the City Administrative Officer on October 24, 2017

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$17,546,237 FOR THE SIX FOUR NINE LOFTS PROJECT**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations II. A. and B. of the Housing and Community Investment Department transmittal dated October 20, 2017 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Six Four Nine Lofts Project.

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 \$17,546,237 to finance the construction of the affordable housing development known as the Six Four Nine Lofts Project (Project). The HCID indicates that the Project is the residential component of a new mixed-use development project and consists of the demolition of an existing one story building and the new construction of 54 units of permanent supportive housing for homeless individuals with special needs and one unrestricted manager unit. The subject site is located at 649 S. Wall Street, Los Angeles, CA 90014 in Council District 14. 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 \$17,546,237 and designated a March 19, 2018 issuance deadline. This Office concurs with the recommendations of the Department, with the exception of Recommendation II. C. of the HCID transmittal which is not recommended as adequate authority to execute loan documents has already been granted by a prior Council action (C.F. 17-0090).

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 649 Lofts, 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. US Bancorp Community Development Corporation (U.S. Bank) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that U.S. Bank continues to adhere to the RBO. The City has business relations with U.S. 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) for the Six Four Nine Lofts Project (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:NSC:02180042C