

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 20, 2017

CAO File No. 0220-00540-1260  
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 26, 2017; Received by the City Administrative Officer on November 7, 2017

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$36,405,000 FOR THE PATH METRO VILLAS PHASE 2 APARTMENTS**

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### RECOMMENDATION

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

1. Adopt Recommendations II. A. and B. of the Housing and Community Investment Department transmittal dated October 26, 2017 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the PATH Metro Villas Phase 2 Apartments; and,
2. Require that Bank of America, N.A. fulfill the reporting requirements of the Responsible Banking Ordinance adopted by the Council on May 25, 2012 (C.F. 09-0234) prior to the execution of the relevant bond documents.

### 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 \$36,405,000 to finance the construction of the affordable housing development known as the PATH Metro Villas Phase 2 Apartments (Project). The Project will consist of the demolition of two office buildings and the new construction of two six-story buildings with 120 units of permanent supportive housing for homeless individuals and two unrestricted manager units. The subject sites are located at 320 N. Madison Avenue and 333 N. Westmoreland Avenue, Los Angeles, CA 90004 in Council District 13. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on July 19, 2017 in an amount not to exceed \$36,405,000 and designated a January 16, 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 Metro Villas Phase 2 Los Angeles, 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, N.A. (BofA) is not currently in compliance with the reporting requirements of the RBO and HCID will require that BofA adheres to requirements of the RBO prior to execution of the relevant bond documents. 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 PATH Metro Villas Phase 2 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:NSC:02180046C*