

HOUSING COMMITTEE REPORT and RESOLUTION relative to request for authority to issue up to \$3,236,070 in supplemental Tax-Exempt Multifamily Housing Conduit Revenue Bonds and issue a Letter of Commitment from the Low and Moderate Income Housing Fund (LMIHF) for up to \$2,500,000 for the Rise Apartments Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ADOPT the accompanying RESOLUTION authorizing the issuance of up to \$3,236,070 in Supplemental Tax-Exempt Multifamily Housing Conduit Revenue Bonds for the Rise Apartment Project.
2. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to:
 - a. Negotiate and execute the relevant bond documents for the development, subject to the approval of the City Attorney as to form.
 - b. Issue a financial commitment letter not to exceed \$2,500,000 using funds from the LMIHF.
 - c. Negotiate and execute a loan agreement with Rise Housing, LP, including but not limited to, revisions in the interest rate, loan terms, affordability terms and subordination to new permanent loans; subject to the approval of the City Attorney as to form.
3. AUTHORIZE the use of \$1,520,882.77 of prior year savings and \$979,117.23 from available cash balance of the LMIHF pay for the Rise Apartments Project.
4. AUTHORIZE the City Controller to:
 - a. Establish a new account 43R770 - Rise Apartments within LMIHF No. 55J and appropriate funds as follows:

<u>Account Title</u>	<u>Amount</u>
43R770 Rise Apartments	\$2,500,000

- b. Decrease appropriations within LMIHF No. 55J as follows:

<u>Account Title</u>	<u>Amount</u>
43L143 HCIDLA	\$38,216.16
43M143 HCIDLA	329,926.09
43N143 HCIDLA	565,871.12
43L299 Reimbursement of General Fund Costs	29,341.70
43M299 Reimbursement of General Fund Costs	196,909.00
43N299 Reimbursement of General Fund Costs	<u>360,618.70</u>
	Total: \$1,520,882.77

c. Expend funds upon proper demand of the General Manager, HCIDLA, or designee.

5. AUTHORIZE the General Manager, HCIDLA, or designee to prepare Controller instructions and make any necessary technical adjustments consistent with Mayor and City Council action on this matter, subject to approval of the City Administrative Officer (CAO); and, REQUEST the City Controller to implement the instructions.

Fiscal Impact Statement Submitted: The CAO reports that there will be no impact to the General Fund as a result of the issuance of these Tax-Exempt Multi-Family Conduit Revenue Bonds for the Rise Apartments Project. The City is a conduit issuer and does not incur liability for the repayment of these 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. The recommended actions detailed in the October 2, 2018 CAO report, attached to the Council file, are in compliance with the City's Financial Policies in that the additional \$2,500,000 loan commitment is fully funded by the Low and Moderate Income Housing Fund.

Community Impact Statement: None submitted.

On October 10, 2018, your Committee considered October 2, 2018 CAO and September 17, 2018 HCIDLA reports relative to request for authority to issue up to \$3,236,070 in supplemental Tax-Exempt Multifamily Housing Conduit Revenue Bonds and issue a Letter of Commitment from the LMIHF for up to \$2,500,000 for the Rise Apartments Project. According to the CAO, the HCIDLA is requesting authority to issue supplemental tax-exempt multi-family housing conduit revenue bonds in the form of a note in an amount not to exceed \$3,236,070 to finance the construction of the affordable housing development known as the Rise Apartments Project (Project). On December 13, 2017, Council approved a bond issuance of up to \$13,059,364 for the Project.

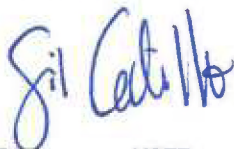
Approval of the HCIDLA's current request would result in up to \$16,295,434 in Multifamily Housing conduit revenue bonds for the project. The HCIDLA reports that unforeseen construction cost increases has led to the request for additional bond funds. The HCIDLA indicates that the Project consists of the new construction of 56 units of affordable housing and one restricted manager unit. The subject site is located at 4050 S. Figueroa Street, Los Angeles, CA 90037 in Council District 9. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on December 13, 2017 and September 19, 2018 for a total amount not to exceed \$16,295,434 and designated a March 19, 2019 issuance deadline. The HCIDLA additionally requests authority to issue a financial commitment letter not to exceed \$2,500,000 using funds from the LMIHF, and negotiate and execute a loan agreement with Rise Housing, LP for the funds. The CAO concurs with the recommendations of the HCIDLA.

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 Rise Housing, LP 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. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations as

detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	YES

ARL
10/10/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-