

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 12, 2018

CAO File No. 0220-00540-1278
Council File No. 17-1244
Council District: 4

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated May 10, 2018;
Received by the City Administrative Officer on June 4, 2018

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT
REVENUE BONDS IN AN AMOUNT UP TO \$7,000,000 FOR THE MCCADDEN
PLAZA YOUTH HOUSING 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 May 10, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the McCadden Plaza Youth Housing 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 \$7,000,000 to finance the construction of the affordable housing development known as the McCadden Plaza Youth Housing Project (Project). The HCID indicates that the Project is a component of the Anita May Rosenstein Center/McCadden Campus Project and it consists of the new construction of 25 units of permanent supportive housing for homeless youth and one unrestricted manager unit. The subject site is located at 1119 N. McCadden Place, Los Angeles, CA 90038 in Council District 4. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on December 13, 2017 in an amount not to exceed \$7,000,000 and designated a June 25, 2018 issuance deadline. This Office concurs with the recommendations of the Department. There is no impact to the General Fund.

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 McCadden Plaza, 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. Wells Fargo, 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 (bonds) for the McCadden Plaza Youth Housing 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:02180145C