

HOUSING COMMITTEE REPORT and RESOLUTION relative to authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$30,776,298 for the Flor 401 Housing Project.

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

1. ADOPT the accompanying RESOLUTION authorizing the issuance, sale, and delivery of Tax-Exempt Multifamily Conduit Revenue Bonds, Series 2018L, in an amount not to exceed \$30,776,298 to provide financing for the acquisition, construction, and equipping of the Flor 401 Housing Project.
2. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department, (HCIDLA) or designee, to:
 - a. Reduce the interest rate of the Flor 401 Lofts Proposition HHH loan of \$11,980,000 from 3.0 percent to a 1.0 percent simple interest rate.
 - b. Reduce the interest rate of the Flor 401 Lofts Home Investment Partnership Program loan of \$1,001,892 from 4.0 percent to a 1.0 percent simple interest rate.
 - c. Negotiate and execute the relevant bond documents for the Project, subject to the approval of the City Attorney as to form.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there will be no impact to the General Fund as a result of the issuance of these Tax-Exempt Multifamily Conduit Revenue Bonds for the Flor 401 Lofts 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.

Community Impact Statement: None submitted.

Summary:

On November 14, 2018, your Committee considered October 18, 2018 HCIDLA and November 7, 2018 CAO reports and Resolution relative to securing authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$30,776,298 for the Project. According to the CAO, the HCIDLA is requesting authority to issue tax-exempt multi-family housing conduit revenue bonds in an amount not to exceed \$30,776,298 to finance the construction of the affordable housing development known as the Flor 401 Lofts Housing Project. The HCIDLA indicates that the Project consists of the new construction of 99 units of affordable housing and one manager unit. The subject site is located at 401 East 7th Street in Council District 14.

The California Debt Limit Allocation Committee (CDLAC) awarded the tax- exempt bond allocation for the Project to the City in an amount not to exceed \$30,776,298 and designated a January 28, 2019 issuance deadline. Additionally, the HCIDLA is requesting authority to reduce

the interest rate on the Proposition HHH and Home Investment Partnership Program loans to resolve a negative capital account issue affecting the equity investor. The CAO concurs with the recommendations of the HCIDLA. Also, there is no impact to the General Fund in that 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 FLOR 401, LP and as such, 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. During the meeting, the HCIDLA submitted a replacement Page No. 3 to its October 18, 2018 report which contained makes a technical correction. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the November 7, 2018 CAO report. 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:	ABSENT

ARL
11/14/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-