

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 7, 2018

CAO File No. 0220-00540-1312

Council File No. 18-0474-S1

Council District: 14

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated October 18, 2018;
Received by the City Administrative Officer on October 24, 2018

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT
REVENUE BONDS IN AN AMOUNT UP TO \$30,776,298 FOR THE FLOR 401
HOUSING PROJECT**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the Recommendations of the Housing and Community Investment Department transmittal dated October 18, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Flor 401 Lofts 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 \$30,776,298 to finance the construction of the affordable housing development known as the Flor 401 Lofts Housing Project (Project). The HCID 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 E. 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 Department requests 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. 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 FLOR 401, 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 Bank, N.A. (US Bank) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that US Bank continues to adhere to the RBO. The City has business relations with US 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 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.

RHL:NSC:02180152C