

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 4, 2019

CAO File No. 0220-00540-1347

Council File No. 18-0521

Council District: 10

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated March 15, 2019;
Received by the City Administrative Officer on March 28, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT
REVENUE BONDS IN AN AMOUNT UP TO \$22,810,000 AND ISSUE A LETTER
OF COMMITMENT FROM THE LOW AND MODERATE INCOME HOUSING FUND
UP TO \$4,000,000 FOR THE GRAMERCY PLACE APARTMENTS**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations A through F of the Housing and Community Investment Department transmittal dated March 15, 2019 relative to the issuance of tax-exempt multifamily conduit revenue bonds and a letter of commitment for additional funding for the development of Gramercy Place Apartments 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 \$22,810,000 to finance the construction of the affordable housing development known as the Gramercy Place Apartments (Project). The Project will consist of the new construction of 62 affordable housing units for seniors, homeless and chronically homeless individuals and families, and two unrestricted manager units. The subject site is located at 2375 W. Washington Boulevard, Los Angeles, CA 90018 in Council District 10. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on October 17, 2019 in an amount not to exceed \$22,810,000 and designated an April 29, 2019 issuance deadline. The HCID additionally requests authority to issue a financial commitment letter in an amount not to exceed \$4,000,000 using funds from the Low and Moderate Income Housing (LMIHF), and negotiate and execute a loan agreement with Gramercy Place Apartments, L.P for the funds. This Office concurs with the recommendations of the Department.

The City's involvement in the issuance of tax-exempt, multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the

responsibility of Gramercy Place Apartments, 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. U.S. Bank, N.A. (USB) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that USB will continue to adhere to the RBO. Since the City acts only as a conduit issuer in these bond transactions and has no financial interest, the selection of these financial institutions 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 Gramercy Place 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. The recommended actions in this report are in compliance with the City's Financial Policies in that the \$4,000,000 loan commitment is fully funded by the Low and Moderate Income Housing Fund.

RHL:EIC:02190125C