

HOUSING COMMITTEE REPORT and RESOLUTION relative to authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$14,500,000 for the Aria Apartments 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 2018J, in an amount not to exceed \$14,500,000 to provide financing for the acquisition, construction, and equipping of the Aria Apartments Project.
2. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to negotiate and execute the relevant bond documents for the Aria Apartments Project, subject to the approval of the City Attorney as to form.
3. REQUIRE that Banner Bank comply with the reporting requirements of the Responsible Banking Ordinance adopted by the Council on May 25, 2012 (Council File No. 09-0234) prior to the execution of the relevant bond documents.

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 Aria Apartments Project (Project). The bonds are a limited obligation, payable strictly from the revenue derived from the Project. The City will not be obligated to make payments on the bonds.

Community Impact Statement: None submitted.

Summary:

On November 14, 2018, your Committee considered September 24, 2018 HCIDLA and November 6, 2018 CAO reports and Resolution relative to securing authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$14,500,000 for the Aria Apartments Project. According to the CAO, the HCIDLA is requesting authority to issue Tax-Exempt Multifamily Housing Conduit Revenue Bonds in an amount not to exceed \$14,500,000 to finance the construction of the affordable housing development known as the Aria Apartments (Project). The Project will consist of the new construction of one five-story building with 56 units of supportive housing for chronically homeless individuals or families and one unrestricted manager unit. The subject site is located at 1532-1538 Cambria Street, Los Angeles, CA 90017 in Council District One. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on July 18, 2018 in an amount not to exceed \$14,500,000 and designated a January 14, 2019 issuance deadline. This CAO concurs with the recommendations of the HCIDLA, with the addition of a recommendation for Banner Bank to comply with the City's Responsible Banking Ordinance prior to execution of the relevant bond documents.

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 Cambria PSH, LP and the City bears no financial responsibility for repayment as the issuer and 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 (Council File Nos. 09-0234 and 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. Banner Bank is not currently in compliance with the reporting requirements of the RBO. The HCIDLA will ensure that Banner Bank complies with requirements of the RBO prior to execution of the relevant bond documents. 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. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the November 6, 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-