

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

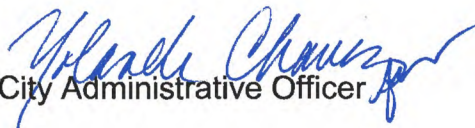
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Date: January 18, 2019

CAO File No. 0220-05454-1327  
Council File No. 18-0527  
Council District: 9

To: The Mayor  
The Council

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



Reference: Housing and Community Investment Department transmittal dated December 12, 2018; Received by the City Administrative Officer on December 21, 2018; Additional Information Received through January 11, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$10,771,000 FOR THE CASA DE ROSAS APARTMENTS**

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**RECOMMENDATION**

That the Council, subject to the approval of the Mayor, adopt Recommendations A and B of the Housing and Community Investment Department transmittal dated December 21, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Casa de Rosas Apartments.

**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 \$10,771,000 to finance the construction of the affordable housing development known as the Casa de Rosas Apartments (Project). The Project will consist of the rehabilitation of 36 units for formerly homeless veteran individuals and their families and one unrestricted manager unit. The subject site is located at 2600 S. Hoover Street, Los Angeles, CA 90007 in Council District Nine. 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 \$10,771,000 and designated a January 28, 2019 issuance deadline. This Office concurs with the recommendations of the Department.

Subsequent to the release of their transmittal, the HCID provided updated information on the sources and uses for the project, or Tables 2, 3, and 4 on page 5 of their transmittal. The Revised Tables are provided below.

<b>Table 2 – Construction Sources</b>			
<b>Construction</b>	<b>Total Sources</b>	<b>Per Unit</b>	<b>% Total</b>
Construction Loan	\$10,771,000	\$291,108	54.3%
HCD Loan (Existing)	881,078	23,813	4.4%
HCD Loan (Accrued Interest)	690,248	18,655	3.5%
HCIDLA Loan (Acquisition)	2,562,674	69,261	12.9%
HCIDLA Loan (HHH)	3,754,350	101,469	18.9%
Tax Credit Equity (Federal)	819,801	22,157	4.1%
Tax Credit Equity (Historic)	345,849	9,347	1.7%
<b>TOTAL</b>	<b>\$19,825,000</b>	<b>\$535,811</b>	<b>100.0%</b>

<b>Table 3 – Permanent Sources</b>			
<b>Permanent</b>	<b>Total Sources</b>	<b>Per Unit</b>	<b>% Total</b>
HCD Loan (Existing)	\$881,078	\$23,813	4.4%
HCD Loan (Accrued Interest)	690,248.00	18,655	3.5%
HCIDLA Loan (Acquisition)	2,562,674.00	69,261	12.9%
HCIDLA Loan (HHH)	7,920,000.00	214,054	39.9%
Tax Credit Equity (Federal)	5,465,338.00	147,712	27.6%
Tax Credit Equity (Historic)	2,205,662.00	62,315	11.6%
<b>TOTAL</b>	<b>\$19,825,000</b>	<b>\$535,811</b>	<b>100.0%</b>

<b>Table 4 – Uses of Funds</b>		
<b>Uses of Funds</b>	<b>Total Usor</b>	<b>Cost/Unit</b>
Acquisition Costs	\$4,134,000	\$111,730
Construction Costs / Contingency	9,790,000	264,595
Architecture & Engineering	419,000	11,324
Taxes & Insurance	97,479	2,635
Financing, Legal Costs, services & Fees	607,500	16,419
Soft Costs (Contingency)	179,677	4,856
Reserves	237,560	6,421
Construction Interest & Fees	1,425,246	38,520
Development Impact Fees & Permits	834,538	22,555
Developer Fee	2,100,000	56,757
<b>TOTAL</b>	<b>\$19,825,000</b>	<b>\$535,811</b>

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 Casa de Rosas Campus, 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. Zions Bancorporation, N.A. doing business as California Bank & Trust (Zions Bancorporation) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Zions Bancorporation 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 Casa de Rosas 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.

*RHL:EIC:02190088C*