

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 16, 2019

CAO File No. 0220-00540-1352
Council File No. 19-0063
Council District: 2

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated April 11, 2019;
Received by the City Administrative Officer on April 16, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTI-FAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$20,000,000 FOR THE SIMPSON ARBOR APARTMENTS PROJECT**

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 April 11, 2019 relative to the issuance of tax-exempt multi-family conduit revenue bonds for the development of the Simpson Arbor 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 \$20,000,000 to finance the construction of the affordable housing development known as the Simpson Arbor Apartments Project (Project). The Project consists of the rehabilitation of an existing property with 82 units serving very low-income families and individuals plus one manager unit. The subject site is located at 7505 Simpson Avenue, Los Angeles, CA 91065 in Council District 2. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on March 20, 2019 in an amount not to exceed \$20,000,000 and designated a September 30, 2019 issuance deadline. The HCID reports that Simpson Arbor Preservation, L.P. (Borrower) has selected a construction closing and bond issuance deadline of July 1, 2019. This Office concurs with the recommendations of the Department.

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 Simpson Arbor Preservation, 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. Citibank, N.A. (Citi) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Citi 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 Simpson Arbor 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:02190180C