

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 12, 2020

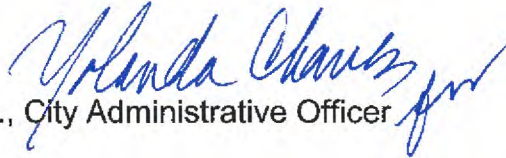
CAO File No. 0220-00540-1422

Council File No. 19-0950

Council District: 11

To: The Mayor
The Council

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



Reference: Housing and Community Investment Department transmittal dated January 7, 2020; Received by the City Administrative Officer on January 23, 2020, Additional Information Received through February 11, 2020

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$11,943,756 FOR THE ROSE APARTMENTS PROJECT, A SUPPORTIVE HOUSING PROJECT**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations II. A and B of the Housing and Community Investment Department transmittal dated January 7, 2020 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Rose Apartments Project.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$11,943,756 to finance the construction of the affordable housing development known as the Rose Apartments (Project). The Project will consist of the new construction of 34 units of supportive housing for Transitional Age Youth and chronically homeless individuals, and one unrestricted manager unit. The subject site is located at 718-720 Rose Avenue, Los Angeles, CA 90291 in Council District 11. The California Debt Limit Allocation Committee (CDLAC) awarded a tax-exempt bond allocation for the Project to the City on October 16, 2019 in an amount not to exceed \$11,943,756 and designated an April 13, 2020 issuance deadline. 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 720 Rose, 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. Bank of America, N.A. (BofA) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that BofA 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 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 multifamily conduit revenue bonds (bonds) for the Rose 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.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies.

DEBT IMPACT STATEMENT

There is no debt impact as these bonds are a conduit issuance debt and not a debt of the City.

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