

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 14, 2018 CAO File No. 0220-00540-1286
Council File No. 18-0298
Council District: 6

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated July 23, 2018; Received by the City Administrative Officer on August 6, 2018, Additional Information Received through August 14, 2018

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$11,718,017 FOR THE CASA DEL SOL APARTMENTS**

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Adopt Recommendations I and II of the Housing and Community Investment Department (HCIUD) transmittal dated August 6, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Casa del Sol Apartments (C.F. 18-0298); and,
2. Require that Bank of America, N.A. fulfill the reporting requirements of the Responsible Banking Ordinance adopted by the Council on May 25, 2012 (C.F. 09-0234) prior to the execution of the relevant bond documents.

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 \$11,718,017 to finance the construction of the affordable housing development known as the Casa del Sol Apartments (Project). The Project will consist of the demolition of vacant commercial structure and the new construction of one four-story building with 43 units of supportive housing for formerly homeless senior citizens and one unrestricted manager units. The subject sites are located at 10966 and 10970 Ratner Street, Los Angeles, CA 91352 in Council District Six. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on May 16, 2018 in an amount not to exceed \$11,718,017 and designated a November 13, 2018 issuance deadline. 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 Sun Valley Housing, 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 not currently in compliance with the reporting requirements of the RBO and HCID will require that BofA adheres to 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.

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 del Sol 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.

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