

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 6, 2018

CAO File No. 0220-00540-1304

Council File No. 18-0524

Council District: 1

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated September 24, 2018; Received by the City Administrative Officer on September 25, 2018, Additional Information Received through November 6, 2018

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$14,500,000 FOR THE ARIA APARTMENTS PROJECT**

RECOMMENDATIONS

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

1. Adopt Recommendations I and II of the Housing and Community Investment Department (HCID) transmittal dated September 24, 2018 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Aria Apartments (C.F. 18-0524); and,
2. Require that Banner Bank comply with 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 \$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 Office concurs with the recommendations of the Department, 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, 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. Banner Bank is not currently in compliance with the reporting requirements of the RBO. HCID 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.

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 Aria 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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