

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 19, 2019

CAO File No. 0220-00540-1334

Council File No. 18-0738

Council District: 9

To: The Mayor
The Council

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



Reference: Housing and Community Investment Department transmittal dated January 14, 2019; Received by the City Administrative Officer on January 18, 2019; Additional Information Received through February 19, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$16,680,000 FOR THE RESIDENCES ON MAIN PROJECT**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations I and II of the Housing and Community Investment Department transmittal dated January 14, 2019 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Residences on Main 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 \$16,680,000 to finance the construction of the affordable housing development known as the Residences on Main (Project). The Project will consist of the construction of 49 supportive housing units for very low-income persons and families, of which 25 units will be reserved for chronically homeless Transitional Age Youth and 24 units will be reserved for homeless families, and one unrestricted manager unit. The Project consists of two sites located at 6901-6917 Main Street, Los Angeles, CA 90003 in Council District Nine. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on September 19, 2018 in an amount not to exceed \$16,680,000 and designated an April 1, 2019 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 Residences on Main, 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. JPMorgan Chase Bank, N.A. (Chase) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Chase 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 Residences on Main (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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