

HOUSING AND HOMELESSNESS COMMITTEE REPORT and RESOLUTION relative to various actions in connection with the Adams Terrace Apartments Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE the October 4, 2023 Los Angeles Housing Department (LAHD) report relative to the reissuance of tax-exempt multifamily conduit revenue bonds for the Adams Terrace Apartments Project.
2. CONSIDER the results of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing held on October 4, 2023 for the Adams Terrace Apartments Project as detailed in the October 12, 2023 City Administrative Officer (CAO) report, attached to the Council File.
3. PRESENT and ADOPT the accompanying RESOLUTION authorizing the reissuance of up to \$33,769,000 in tax-exempt multifamily conduit revenue bonds for development of the Adams Terrace Apartments Project.
4. AUTHORIZE the General Manager, LAHD, or designee, to negotiate and execute the relevant financing documents for the Adams Terrace Apartments Project, subject to the approval of the City Attorney as to form.

Fiscal Impact Statement: The CAO reports that there will be no impact to the General Fund as a result of the reissuance of these multifamily conduit revenue bonds for Adams Terrace 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 is not, under any circumstances, obligated to make payments on the bonds.

Financial Policies Statement: The CAO reports that the recommendations contained in the October 12, 2023 CAO report, attached to the Council File, comply with the City's Financial Policies.

Debit Impact Statement: The CAO reports that there is no debt impact as these bonds are a conduit issuance debt and not a debt of the City.

Community Impact Statement: None submitted.

Summary:

On October 18, 2023, your Committee considered October 12, 2023 CAO and October 4, 2023 LAHD reports relative to various actions in connection with the Adams Terrace Apartments Project. According to the CAO, the LAHD is requesting authority to reissue tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$33,769,000 to finance the construction of the supportive housing development known as

Adams Terrace Apartments Project. The Project will consist of the new construction of 84 units of supportive housing for individuals and families experiencing homelessness and two unrestricted managers' units. The housing units will be developed in two buildings, one located at 4314 W. Adams Boulevard, Los Angeles, CA and one located at 4347 W. Adams Boulevard, Los Angeles CA. Both sites are located in Council District 10.

The California Debt Limit Allocation Committee (CDLAC) awarded a tax-exempt bond allocation for the Project on April 13, 2020 in an amount not to exceed \$33,769,000 and designated an issuance deadline of October 13, 2020. The City issued a total of \$33,769,000 in tax-exempt bonds on November 25, 2020 (Council File No. 20-1152). The LAHD reports the reissuance of the Bonds is required by Internal Revenue Service regulations because the Borrower, Adams Terrace, LP, increased its permanent loan amount by \$591,000 to \$6,889,700 and interest rate to a blended rate of 4.42%. Additional information regarding the project financing can be found in the October 4, 2023 LAHD.

Since the LAHD released its report, a new pro forma was finalized, which shows a total development cost of \$60,962,112. The LAHD's report states that the parcel at 4314 W. Adams Boulevard is owned by the City. The parcel was sold to the Borrower Adams Terrace, LP when the Project closed financing, and a Deed of Trust was recorded (C-137420). The City's involvement in the issuance of multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of Adams Terrace, LP. 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. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the October 12, 2023 CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Housing and Homelessness Committee

| COUNCILMEMBER | VOTE |
|----------------------|-------------|
| RAMAN: | YES |
| BLUMENFIELD: | ABSENT |
| HARRIS-DAWSON: | ABSENT |
| RODRIGUEZ: | YES |
| LEE: | YES |

ARL

COUNCILMEMBER

VOTE

10/18/23

CD 10

-NOT OFFICIAL UNTIL COUNCIL ACTS-