

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 6, 2021

CAO File No. 0220-00540-1538

Council File No. 20-1305

Council District: 14

To: The Mayor
The Council

From: *Ylenda Cheniz*
for Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated April 13, 2021; Received by the City Administrative Officer on April 20, 2021; Additional Information Received through May 4, 2021

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS OR NOTES IN AN AMOUNT UP TO \$44,020,000, AND ISSUE TAXABLE MULTIFAMILY CONDUIT REVENUE BONDS OR NOTES IN AN AMOUNT UP TO \$18,929,772 FOR THE WEINGART TOWER II ALSO KNOWN AS WEINGART TOWER A 144 LOWER, A SUPPORTIVE HOUSING PROJECT**

RECOMMENDATIONS

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

1. Note and file the Housing and Community Investment Department (HCID) transmittal dated April 13, 2021 (Report) relative to the issuance of tax-exempt and taxable multifamily conduit revenue bonds or notes for the Weingart Tower II also known as Weingart Tower A 144 Lower project;
2. Adopt the Resolution attached to the HCID Report authorizing the issuance of up to \$44,020,000 in tax-exempt multifamily conduit revenue bonds or notes and up to \$18,929,772 in taxable multifamily conduit revenue bonds or notes for the Weingart Tower A 144 Lower project; and,
3. Authorize the General Manager of the HCID, or designee, to negotiate and execute the relevant bond documents for the Weingart Tower A 144 Lower project, subject to the approval of the City Attorney as to form.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multifamily housing conduit revenue bonds or notes in an amount not to exceed \$44,020,000, and taxable multifamily housing conduit revenue bonds or notes in an amount not to exceed \$18,929,772 to finance the construction of the affordable housing development known as

the Weingart Tower II also known as Weingart Tower A 144 Lower (Project). The Project will consist of the new construction of 142 units of supportive housing for individuals that were formerly experiencing homelessness, and two unrestricted manager units. The subject site is located at 555-561 South Crocker Street, Los Angeles, CA, 90013 in Council District 14. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on December 9, 2020 in an amount not to exceed \$44,020,000 and designated a June 7, 2021 issuance deadline. Weingart Tower II, LP further requested the issuance of a taxable series of bonds of up to \$18,929,772, which will be used to pay for construction and development costs in addition to the tax-exempt proceeds. This Office concurs with the recommendations of the Department.

The City's involvement in the issuance of multifamily housing conduit revenue bonds or notes is considered true conduit financing, in which the obligation for repayment of the bonds or notes is the responsibility of Weingart Tower II, LP 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. Pacific Western Bank (PWB) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that PWB will continue to adhere to the RBO. The City acts only as a conduit issuer, not the borrower, in this bond transaction and has no financial interest in this transaction.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund as a result of the issuance of these multifamily conduit revenue bonds or notes for the Weingart Tower II also known as Weingart Tower A 144 Lower (Project). The City is a conduit issuer and does not incur liability for the repayment of the bonds or notes, 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 or notes.

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 or notes are a conduit issuance debt and not a debt of the City.