

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 6, 2021

CAO File No. 0220-00540-1527

Council File No. 20-1211

Council District: 5

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated March 23, 2021; Received by the City Administrative Officer on April 8, 2021; Additional Information Received through May 5, 2021

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$13,549,000, AND ISSUE TAXABLE MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$4,000,000 FOR THE 11010 SANTA MONICA BOULEVARD PROJECT, 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 March 23, 2021 (Report) relative to the issuance of tax-exempt and taxable multifamily conduit revenue bonds for the 11010 Santa Monica Boulevard project;
2. Adopt the Resolution attached to this report, authorizing the issuance of up to \$13,549,000 in tax-exempt multifamily conduit revenue bonds and up to \$4,000,000 in taxable multifamily conduit revenue bonds for the 11010 Santa Monica Boulevard project; and,
3. Authorize the General Manager of the HCID, or designee, to negotiate and execute the relevant bond documents for the 11010 Santa Monica Boulevard 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 in an amount not to exceed \$13,549,000, and taxable multifamily housing conduit revenue bonds in an amount not to exceed \$4,000,000 to finance the construction of the affordable housing development known as the 11010 Santa Monica Boulevard (Project). The Project will consist of the new construction of 50 units of supportive

housing for seniors and senior veterans experiencing homelessness and chronic homelessness, and one unrestricted manager unit. The subject site is located at 11010 Santa Monica Boulevard, Los Angeles, CA, 90025 in Council District Five. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on December 21, 2020 in an amount not to exceed \$13,549,000 and designated a June 21, 2021 issuance deadline. The 11010 SMB LP further requested the issuance of a taxable series of bonds of up to \$4,000,000, which will be used to pay for construction costs not payable with tax-exempt proceeds. This Office concurs with the recommendations of the Department.

The Project's financing includes a \$7,000,000 Proposition HHH Supportive Housing Loan (Prop HHH) funding commitment. While the tables in HCID's Report show \$107,263 in deferred Prop HHH interest in the permanent financing stage, the HCID confirmed that it will work with the Borrower to close the project's construction financing to minimize the use of Prop HHH deferred interest identified as a permanent source. All Prop HHH program income, regardless if it is received directly following the construction period as deferred interest income or through residual receipts income, is required to be deposited into an account to be used to fund additional Prop HHH loans via a continuing supportive housing loan program consistent with the Prop HHH goals and requirements.

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 11010 SMB 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. 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. 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 for the 11010 Santa Monica Boulevard project (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.

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

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