

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 22, 2019

CAO File No. 0220-00540-1378

Council File No. 17-1274-S2

Council District: 11

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated July 22, 2019; Received by the City Administrative Officer on August 12, 2019; Additional Information Received through August 21, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE SUPPLEMENTAL TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$4,687,500 FOR THE MISSOURI PLACE APARTMENTS**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations II. A and B of the Housing and Community Investment Department transmittal dated July 22, 2019 relative to the issuance of supplemental tax-exempt multifamily conduit revenue bonds for the development of the Missouri Place Apartments.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue supplemental tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$4,687,500 to finance the construction of the affordable housing development known as the Missouri Place Apartments (Project). The Project will consist of the rehabilitation of 73 units for low or moderate income persons and families, formerly homeless individuals, chronically homeless families with young children, and one unrestricted manager unit. Subsequent to the release of HCID's report dated July 22, 2019 (Report), the HCID clarified that the Project will be receiving 44 project-based vouchers instead of the 37 noted in their Report. The subject site is located at 11950 Missouri Avenue, Los Angeles, CA 90025 in Council District 11. The California Debt Limit Allocation Committee (CDLAC) awarded the supplemental tax-exempt bond allocation for the Project to the City on May 15, 2019 in an amount not to exceed \$4,687,500 and designated a November 12, 2019 issuance deadline. This Office concurs with the recommendations of the Department.

The City's involvement in the issuance of tax-exempt, multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of Missouri and Bundy Housing, 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. Bank of America, N.A. (BofA) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that BofA 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 multifamily conduit revenue bonds (bonds) for the Missouri Place 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.

RHL:EIC:02200019C