

RESOLUTION APPROVING FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986 THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND ISSUER, TO FINANCE THE ACQUISITION, CONSTRUCTION, REDEVELOPMENT, REHABILITATION AND EQUIPPING OF JORDAN DOWNS PHASE S2



Douglas Guthrie
President & Chief Executive Officer



Jenny Scanlin
Chief Strategic Development Officer

Purpose: The purpose of this action is to assist in making low interest rate financing available for the redevelopment and rehabilitation of Jordan Downs Phase S2 (the "Development"). The Housing Authority of the City of Los Angeles (the "Authority") will serve in the capacity of a conduit issuer of private activity bonds, notes or other debt to finance the Development, thus the Authority will not be the obligor of the debt.

The resolution that accompanies this report is an acknowledgement that Authority officers and staff properly performed the arrangement, scheduling, notification and execution of a public hearing concerning the proposed redevelopment, rehabilitation, construction and equipping of the Development, and that these proceedings were conducted in accordance with the requirements of the Tax Equity and Fiscal Responsibility Act ("TEFRA"). This type of resolution is commonly referred to as a "TEFRA Resolution."

An adopted TEFRA Resolution must be attached to an application requesting private activity bond allocation from the California Debt Limit Allocation Committee ("CDLAC"). An application submitted to CDLAC that lacks an adopted TEFRA Resolution will be deemed incomplete and ineligible for further consideration during that allocation round.

As it pertains to Jordan Downs Phase S2, the Board of Commissioners ("BOC") adoption of this TEFRA Resolution acknowledges that the Authority has fulfilled its obligations and complied with the requirements of the Tax Equity and Fiscal Responsibility Act. Once adopted, the TEFRA Resolution and supporting documentation will be delivered to the Office of the Mayor of the City of Los Angeles. The Authority will request the Mayor's certification or concurrence with the TEFRA proceedings performed by the Authority. Although the Authority is not a department of the City of Los Angeles, Internal Revenue Code specifies that certifications of TEFRA proceedings must be obtained from the "applicable elected representative" and that individual is the Mayor of the City of Los Angeles—the chief elected executive officer.

Regarding: On December 19, 2017, the BOC, by Resolution No. 9404, approved the Debt Management Policy of the Authority.

On September 27, 2018, the BOC, by Resolution No. 9455, approved the establishment of the Authority's Conduit Bond Program through adoption of the Housing Conduit Bond Policy.

Issues: Tax-Exempt Private Activity Debt, CDLAC and CTCAC

For Jordan Downs Phase S2, the Authority intends to submit a CDLAC-CTCAC Joint Application to (i) request a tax-exempt bond private activity debt issuance allocation from CDLAC; and, (ii) request 4% federal tax credits from the California Tax Credit Allocation Committee ("CTCAC"). The borrower expects to obtain tax-exempt construction and permanent loans, in combination with tax credit equity raised from the syndication of 4% federal tax credits. The Authority intends to submit the Joint Application in March 2020.

The Development represents the Authority's second conduit debt issuance engagement; the first being Pueblo Del Sol Phase I. Staff will ensure that the private activity debt complies with the Authority's Housing Conduit Bond Policy (Resolution No. 9455), that associated continuing disclosure requirements are timely executed (Resolution No. 9404), and that conduit issuance fees due to the Authority are collected.

Vision Plan: PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

Bond authority developed and utilized. Growth in revenue from bond authority realized to support the Authority's objectives.

PLACE Strategy #2: Increase functionality and effectiveness of Asset Management portfolio.

Utilize available funding tools, including Tax Credits, conventional debt/equity, Project-Based Vouchers and RAD to achieve site-based improvements and stabilized operating income and ensure long-term affordability.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: No funds are necessary or obligated under this recommended action.

Budget and Program Impact: The budget impact of the conduit debt issuance is expected to be minimal.

Environmental Review: Not Applicable

Section 3: Not Applicable

Attachments:

1. Resolution

RESOLUTION NO. _____

RESOLUTION APPROVING FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986 THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND ISSUER, TO FINANCE THE ACQUISITION, CONSTRUCTION, REDEVELOPMENT, REHABILITATION AND EQUIPPING OF JORDAN DOWNS PHASE S2

WHEREAS, The Housing Authority of the City of Los Angeles (the "Authority") is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, Part 2 of Division 24 of the California Health and Safety Code (the "Act"), including the power to issue bonds or notes for any of its corporate purposes, including the power to issue revenue bonds, private activity bonds or notes to provide financing for the acquisition, construction, rehabilitation and equipping of multifamily rental housing for persons and families of low to moderate income; and

WHEREAS, the Authority intends to issue for federal income tax purposes, certain private activity bonds or notes (the "Bonds"), pursuant to a plan of finance, the proceeds of which will be used to finance the acquisition, construction, rehabilitation or equipping of a multifamily rental housing development described in Section 4 below (the "Development"); and

WHEREAS, it is in the public interest that the Authority authorize financing of the Jordan Downs Phase S2 multi-family affordable development currently proposed for redevelopment by Jordan Downs Phase S2, LP (the "Development"), and it is within the powers of the Authority to provide for such financing and the issuance of the Bonds; and

WHEREAS, the interest on the Bonds may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code at a public hearing; and

WHEREAS, pursuant to the Code, the Bonds are required to be approved by the issuer of the Bonds and approval of the TEFRA Hearing (defined below) is required by an elected representative of the governmental unit having jurisdiction over the area in which the relevant Development is located; and

WHEREAS, the Authority, as issuer of the Bonds, is required to obtain approval for the issuance of the Bonds from its Board of Commissioners, within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Authority caused a notice to appear on the Authority's publicly accessible Internet website, <http://www.hacla.org/News-Notifications/Notifications>, and the notice was posted at 4:30am (PST) on Thursday, February 13, 2020, to the effect that a public hearing would be held with respect to the Development ("TEFRA Hearing") on Monday, February 24, 2020, from 12:00pm to 1:00pm (PST) in the First Floor Board Room at 2600 Wilshire Boulevard, Los Angeles, regarding the issuance of the Bonds;

and

WHEREAS, the Authority held the above TEFRA Hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the minutes of said hearing have been posted to the Authority's website as of _____ (PST) on February ____, 2020 and can be reviewed by the public and this Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby find, authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct and this Resolution is being adopted pursuant to the Act.

Section 2. Pursuant to and solely for purposes of Section 147(f) of the Code, the Board of Commissioners hereby approves the issuance of the Bonds by the Authority in one or more series up to the maximum amount specified in Section 4 below and a like amount of refunding bonds, pursuant to a plan of financing, to finance or refinance the Development. It is intended that this Resolution constitute approval of the Bonds by the issuer of the Bonds pursuant to the Code.

Section 3. Notwithstanding anything to the contrary hereof, the Authority shall be under no obligation to issue all or any portion of the Bonds for the Development described in Section 4 hereof prior to review and approval by the Authority of the final Development, the final plan of financing for the Development and the documents, terms and conditions relating to such Bonds.

Section 4. The "Development" referred to hereof is as follows:

Project Name:	Address:	# Units:	Project Sponsors:	Maximum Amount:
Jordan Downs Phase S2	<ul style="list-style-type: none">▪ Bldg. A: 2045 E. 101st Street;▪ Bldg. B: 2063 E. 101st Street;▪ Bldg. C: 2031 E. 101st Street;▪ Bldg. D: 10016 Grape Street; and,▪ Bldg. E: 10010 Grape Street, and all addresses are located in Los Angeles, California 90002	81	La Cienega LOMOD, Inc., (or an affiliate thereof or an instrumentality created by or on behalf of the Housing Authority of the City of Los Angeles); and Jordan Downs Phase S2, LP.	\$44.40 million

BE IT FURTHER RESOLVED that this Resolution shall be effective upon its adoption.

APPROVED AS TO FORM:
JAMES JOHNSON

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
GENERAL COUNSEL

BY: _____
CHAIRPERSON

DATE ADOPTED: _____

*OK / BJA
2/20/20*