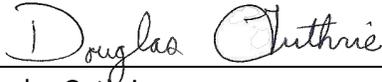


RESOLUTION APPROVING, FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE ONLY, THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND OR CONDUIT NOTE ISSUER, TO FINANCE THE ACQUISITION, CONSTRUCTION, REDEVELOPMENT, REHABILITATION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



Douglas Guthrie
President & Chief Executive Officer



Jenny Scanlin
Chief Strategic Development Officer

Purpose: The purpose of this procedural action is to obtain approval from the Board of Commissioners (“Board”) for issuance of the Tax-Exempt Note for Pueblo del Sol Phase II (the “Project”), solely within the meaning of Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “Code”). The interest on the Tax-Exempt Note qualifies for federal tax exemption only if the Tax-Exempt Note is approved in accordance with Section 147(f) of the Code. Approval of this procedural action will assist the Housing Authority of the City of Los Angeles (the “Authority”) in making low interest rate financing available for the acquisition, construction, redevelopment, equipping and rehabilitation of the Project. The Authority will serve in the capacity of a conduit issuer of private activity bonds, notes or other debt to finance the Project, thus the Authority will not be the obligor of the debt. The obligor of the debt will be Pueblo del Sol II Housing Partners, L.P., a California Limited Partnership (the “Borrower”).

Regarding: On August 22, 2019, the Board, by Resolution No. 9521, authorized execution of an agreement for the purchase of a limited partnership interest in the Project.

On October 31, 2019, the Board, by Resolution No. 9536, authorized entering into a disposition and development agreements, ground leases and acquisition loan agreements with Pueblo del Sol I Housing Partners, LP, and Pueblo del Sol II Housing Partners, LP, for the re-syndication and rehabilitation of Pueblo del Sol I and Pueblo del Sol II Apartments, respectively; allocate up to eighty-nine (89) and sixty-four (64) Section 8 Project Based Vouchers; and to undertake various additional actions in connection with the Project.

On October 31, 2019, the Board, by Resolution No. 9537, authorized and directed the officers and staff of the Authority to take further actions (“Inducement”) necessary relating to issuing conduit bonds for the Project.

On October 31, 2019, the Board, by Resolution No. 9545, authorized for purposes of Section 147(f) of the Internal Revenue Code of 1986 only, the issuance of private activity bonds or notes to finance the acquisition, construction, rehabilitation and equipping of the Project.

Issues:

On September 25, 2020, the Authority submitted a CDLAC-CTCAC Joint Application to (i) request a \$25 million tax-exempt bond private activity debt issuance allocation from the California Debt Limit Allocation Committee (“CDLAC”); and (ii) request 4% federal tax credits from the California Tax Credit Allocation Committee (“CTCAC”). On December 9, 2020, the Project was awarded the \$25 million bond allocation and received a reservation of federal tax credits in the amount of \$17.04 million (i.e., \$1,704,248 annually for each of ten (10) years.

When awarding a bond allocation to an applicant, CDLAC instructs that the bonds must be issued within 180- or 194-days. For the Project, the bond issuance deadline is June 7, 2021, and requires valid approval of TEFRA proceedings as of the date of bond issuance. TEFRA proceedings are valid for not more than one year from the date the proceedings were approved by the highest-ranking elected official in the jurisdiction where the development is located. Initially, TEFRA proceedings conducted for the Project (and for Pueblo del Sol I) were adopted by the Authority’s Board on October 31, 2019, and subsequently approved by the Mayor of the City of Los Angeles on January 9, 2020. The one-year TEFRA validity period expired on January 8, 2021. Conduit bond issuance for the Project cannot transpire until TEFRA proceedings are conducted once more and move through the approval process mentioned above. The bond issuance is likely to be executed in May or June 2021, and adoption of the resolution is necessary to permit enough time to collect the Mayor’s approving signature ahead of the projected bond issuance date.

On February 12, 2021, staff prepared and posted a notification of public hearing regarding the Project. The public notice was posted on the Authority’s internet web page, and an additional posting was affixed to the bulletin board in front of the Authority’s 2600 Wilshire Boulevard main building. The public hearing was conducted on February 23, 2021. A minimum of seven days must transpire between the posting of the notice of public hearing and the day the public hearing is conducted. In this instance, the public notice period was eleven days and meets the minimum requirement for public notification of the hearing.

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 acquisition, redevelopment, rehabilitation, construction and equipping of the Project, and that these proceedings were conducted in accordance with the requirements of the Tax Equity and Fiscal Responsibility Act (“TEFRA”). The attached resolution does not approve the actual issuance of the conduit bonds/notes or the loan to the Borrower, which action and resolution will come to the Board at a later date. The Authority is under no obligation to issue the bonds/notes until the Board approves the Pueblo del Sol Phase II financing and loan documents.

The Project represents the Authority’s fourth conduit debt issuance engagement. Staff will ensure that the private activity debt complies with the Authority’s Housing Conduit Bond Policy, that associated continuing disclosure requirements are timely executed, 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 HACLA 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 positive, as generated by the Authority's collection of bond issuance fees in the amount of approximately \$100,000 at bond closing (June 2021), and annual bond fees aggregating to approximately \$310,000 for the period 2022 and 2036.

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 ONLY, THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND OR CONDUIT NOTE ISSUER, TO FINANCE THE ACQUISITION, CONSTRUCTION, REDEVELOPMENT, REHABILITATION AND EQUIPPING OF PUEBLO DEL SOL PHASE II

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 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;

WHEREAS, the Authority intends to issue for federal income tax purposes, certain private activity bonds or notes (the “Tax Exempt Note”), the proceeds of which will be used to finance the acquisition, construction, rehabilitation or equipping of Pueblo del Sol Phase II, a multifamily rental housing project (the “Project”);

WHEREAS, it is in the public interest that the Authority authorize financing of the Project, and it is within the powers of the Authority to provide for such financing and the issuance of a Tax-Exempt Note;

WHEREAS, the interest on the Tax-Exempt Note may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “Code”) only if the Tax-Exempt Note is approved in accordance with Section 147(f) of the Code;

WHEREAS, the Authority, as issuer of the Tax Exempt Note and as an interim procedural step in arranging for the financing and subsequent approval of the Tax-Exempt Note, is required to obtain approval for the issuance of the Tax Exempt Note from its Board of Commissioners;

WHEREAS, pursuant to the Code, the Tax-Exempt Note, following a public hearing, is required to be approved by a representative of the issuer of the Tax-Exempt Note and the highest level elected representative of the governmental unit having jurisdiction over the area in which the Project is located, which elected representative is the Mayor of Los Angeles;

WHEREAS, pursuant to Section 147(f) of the Code, the Authority caused a notice to appear on February 12, 2021 on the Authority’s website (www.hacla.org/News-Notifications) that a public hearing would be held on February 23, 2021 regarding the issuance of the Tax-Exempt Note;

WHEREAS, the Authority held a public hearing on February 23, 2021 (the “TEFRA Hearing”), at which time an opportunity was provided to present arguments both for and against the issuance of the Tax-Exempt Note;

WHEREAS, the Authority, as the conduit issuer of the Tax-Exempt Note, by this resolution approves issuance of the Tax-Exempt Note for purposes of Section 147(f) of the Code only; and

WHEREAS, the Authority will forward the minutes of the TEFRA Hearing to the Mayor of the City of Los Angeles requesting his approval of the issuance of the Tax-Exempt Note for purposes of Section 147(f) of the Code.

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, this Board of Commissioners hereby approves the issuance of Tax-Exempt Note 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 or notes, pursuant to a plan of financing, to finance or refinance the Project. It is intended that this Resolution constitute approval of the Tax-Exempt Note by the issuer of the Tax-Exempt Note pursuant to the Code only.

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

Section 4. The "Project" referred to herein is as follows:

<i>Project Name:</i>	<i>Address:</i>	<i># Units:</i>	<i>Project Sponsor:</i>	<i>Maximum Amount:</i>
Pueblo del Sol Phase II Apartments	1400 Gabriel Garcia Marquez Street, Los Angeles, CA 90033	176 (including 1 manager units)	Pueblo del Sol II Housing Partners, L.P.	\$25,000,000

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

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APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

JAMES JOHNSON

By: _____
GENERAL COUNSEL

By: _____
Ben Besley, Chairperson

DATE ADOPTED: _____