

RESOLUTION APPROVING, FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE ONLY, THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES IN AN AMOUNT NOT TO EXCEED \$50,571,690 BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND OR CONDUIT NOTE ISSUER, TO ASSIST IN FINANCING THE TOTAL COST OF ACQUISITION, CONSTRUCTION, REDEVELOPMENT AND EQUIPPING OF JORDAN DOWNS PHASE (AREA) H2B



Douglas Guthrie
President & Chief Executive Officer



John Castanon
Capital & Debt Officer

Purpose: The purpose of this procedural action is to obtain approval from the Board of Commissioners (“BOC”) to allow the issuance of future Tax-Exempt Note(s) for Jordan Downs Phase H2B (the “Project”) in order to ensure that at least 50% of all eligible costs of the proposed Jordan Downs Phase H2B development are covered by tax exempt bonds. HACLA will serve in the capacity of a conduit issuer of private activity bonds, notes or other debt to finance the Project, thus HACLA will not be the obligor of the debt. The obligor of the debt will be Jordan Downs Phase 3B, L.P., a California Limited Partnership (the “Borrower”).

Regarding: On September 27, 2018, the BOC, by Resolution No. 9455, approved the establishment of HACLA’s Conduit Bond Program through adoption of the Housing Conduit Bond Policy.

On January 27, 2022, the BOC, by Resolution No. 9791, approved revisions to the Debt Management Policy.

Issues: In August 2022, HACLA submitted a CDLAC-CTCAC Joint Application to (i) request \$50,571,690 of 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 November 30, 2022, the Project was awarded the \$50,571,690 bond allocation and received a reservation of federal tax credits in the amount of \$40,608,390 (i.e., \$4,060,839 annually for each of ten (10) years). The Project’s bond issuance deadline is May 29, 2023.

On February 14, 2023, staff prepared and posted a notification of a February 22, 2023, public hearing regarding the Project and the \$50,571,690 tax-exempt bond issuance amount. The public notice was posted on HACLA’s internet web page, and an additional posting was affixed to the bulletin board in front of HACLA’s 2600 Wilshire Boulevard main building. The resolution that accompanies this report is an acknowledgement that HACLA officers and staff properly performed the arrangement, scheduling, notification and execution of a public hearing concerning the proposed acquisition, redevelopment, 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 issuance of conduit bonds/notes, which action and resolution will come to the BOC at a later date. HACLA is under no obligation to issue the bonds/notes until the BOC approves, and bond counsel (Kutak Rock) finds acceptable, the Jordan Downs Phase H2B financing and loan documents. Staff will ensure that the private activity debt complies with HACLA's Housing Conduit Bond Policy, that associated continuing disclosure requirements are timely executed, and that conduit issuance fees due to HACLA are collected.

The attached resolution is an acknowledgement that HACLA 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 Project, and that these proceedings were conducted in accordance with the requirements of TEFRA. This type of resolution is commonly referred to as a "TEFRA Resolution."

BOC adoption of this TEFRA Resolution acknowledges that HACLA has fulfilled its obligations and complied with the requirements of TEFRA. Once adopted, the TEFRA Resolution and supporting documentation will be delivered to the Office of the Mayor of the City of Los Angeles. HACLA will request the Mayor's certification or concurrence with the TEFRA proceedings performed by HACLA. Although HACLA 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.

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'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 positive, as generated by HACLA's collection of fees on the supplemental bond allocation amount, including issuance fees (0.25%) and annual conduit program fees (0.125%). Although the precise amount of fee income won't be known until closer to the closing date, staff estimates that HACLA could collect \$232,000 of fee income at closing. Total fee income is estimated at \$630,000 (present value basis) across the initial 17-year period following bond closing (including fees collected on the bond closing date).

Environmental Review: Not Applicable

Section 3: Not Applicable

Attachments:

1. Resolution

RESOLUTION APPROVING, FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE ONLY, THE ISSUANCE OF PRIVATE ACTIVITY BONDS OR NOTES IN AN AMOUNT NOT TO EXCEED \$50,571,690 BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND OR CONDUIT NOTE ISSUER, TO ASSIST IN FINANCING THE TOTAL COST OF ACQUISITION, CONSTRUCTION, REDEVELOPMENT AND EQUIPPING OF JORDAN DOWNS PHASE (AREA) H2B

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) 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, HACLA 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 or equipping of Jordan Downs Phase H2B, a multifamily rental housing project (the “Project”);

WHEREAS, it is in the public interest that HACLA authorize financing of the Project, and it is within the powers of HACLA 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, HACLA, 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, HACLA caused a notice to appear on February 14, 2023, on HACLA’s website (www.hacla.org/News-Notifications) that a public hearing would be held on February 22, 2023, regarding the issuance of the Tax-Exempt Note;

WHEREAS, HACLA held a public hearing on February 22, 2023 (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, HACLA, 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, HACLA will forward the minutes of the TEFRA Hearing to the Mayor of the City of Los Angeles requesting her 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 HACLA 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, HACLA 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 HACLA 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>
Jordan Downs Phase H2B	2269 E. 99 TH Place; 2254 E. 97 th Street; and 2238 E. 97 th Street; the addresses are in Los Angeles, CA 90002 (and vicinity)	119 (including 1 manager unit)	Jordan Downs Phase 3B, LP (JD HOUSING 3B, LLC)	\$50,571,690.

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

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APPROVED AS TO FORM:

JAMES JOHNSON

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: _____
GENERAL COUNSEL

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____