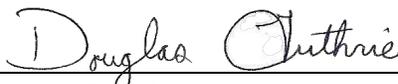
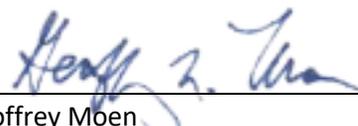


**RESOLUTION APPROVING, FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE ONLY, THE ISSUANCE OF SUPPLEMENTAL PRIVATE ACTIVITY BONDS OR NOTES IN AN AMOUNT NOT TO EXCEED \$14,970,000 BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, SOLELY AS CONDUIT BOND OR CONDUIT NOTE ISSUER, TO ASSIST IN FINANCING THE TOTAL COST OF ACQUISITION, CONSTRUCTION, REDEVELOPMENT AND EQUIPPING OF JORDAN DOWNS PHASE S2**

  
 \_\_\_\_\_  
 Douglas Guthrie  
 President & Chief Executive Officer

  
 \_\_\_\_\_  
 Geoffrey Moen  
 Director of Development

**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 S2 (the “Project”) in order to ensure that at least 50% of all eligible costs of the proposed Jordan Downs Phase S2 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 S2, L.P., a California Limited Partnership (the “Borrower”).

**Regarding:** On February 27, 2020, HACLA’s BOC, by Resolution No. 9579 and No. 9584 authorized the President and CEO to declare HACLA’s official intent (the “Inducement”) and procedures to issue one or more series of conduit revenue bonds in an aggregate principal amount not to exceed \$44,400,000 to finance the cost of the acquisition, construction and equipping of the Project.

On February 25, 2021, the BOC, by Resolution No. 9681, authorized the issuance and delivery of multiple series of multifamily housing revenue notes by the Housing Authority of the City of Los Angeles as a conduit issuer for Jordan Downs Phase S2 in an aggregate principal amount not to exceed \$29,030,000 in tax exempt and \$13,900,000 in taxable notes.

**Issues:** On June 12, 2020, HACLA submitted a CDLAC-CTCAC Joint Application to (i) request \$29,030,000 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 September 21, 2020, the Project was awarded the \$29,030,000 bond allocation and received a reservation of federal tax credits in the amount of \$19,703,280 (i.e., \$1,970,328 annually for each of ten (10) years) which must be issued by June 27, 2021.

In March 2021, the Project sponsor indicated the bond issuance may need to be greater in amount, and that a request to CDLAC for a supplemental allocation of bonds may be necessary. The precise amount of supplemental bond allocation has not yet been determined. To prepare for the possible issuance of a greater amount of tax-exempt debt, staff conducted TEFRA proceedings for a tax-exempt bond aggregate issuance

amount of \$44,000,000 (net increase of \$14,970,000). The actual amount of tax-exempt bonds to be issued is likely to be less than \$44,000,000. Presently, conduit bond issuance of tax-exempt debt for any amount greater than \$29,030,000 cannot transpire until the new TEFRA proceedings have been adopted by the BOC and, subsequently, approved by the Mayor of the City of Los Angeles.

On April 6, 2021, staff prepared and posted a notification of an April 14, 2021 public hearing regarding the Project and the \$44,000,000 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 (approved by CDLAC through a request for supplemental allocation), which action and resolution will come to the BOC at a later date. HACLA is under no obligation to issue the supplemental bonds/notes until the BOC approves, and bond counsel (Kutak Rock) finds acceptable, the Jordan Downs Phase S2 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.

**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 HACLA's collection of fees on the supplemental bond allocation amount, including issuance fees (0.25%) and annual conduit program fees (0.125%). The precise amount of supplemental bond allocation has not yet been determined.

**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 SUPPLEMENTAL PRIVATE ACTIVITY BONDS OR NOTES IN AN AMOUNT NOT TO EXCEED \$14,970,000 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 S2**

**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, 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 S2, 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 April 6, 2021 on HACLA’s website ([www.hacla.org/News-Notifications](http://www.hacla.org/News-Notifications)) that a public hearing would be held on April 14, 2021 regarding the issuance of the Tax-Exempt Note;

**WHEREAS**, HACLA held a public hearing on April 14, 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**, 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 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 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 S2	2045 E. 101st Street, Los Angeles, CA 90002 (and vicinity)	81 (including 1 manager units)	Jordan Downs Phase S2, L.P.	\$44,000,000

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: \_\_\_\_\_  
Cielo Castro, Acting Chairperson

DATE ADOPTED: \_\_\_\_\_