

HOUSING COMMITTEE REPORT and RESOLUTION relative to authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$23,000,000 and Taxable Multifamily Conduit Revenue Bonds in the amount of up to \$2,722,370 for the West Third Avenue Apartments Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ADOPT the accompanying RESOLUTION authorizing the issuance, sale, and delivery of Tax-Exempt Multifamily Conduit Revenue Bonds, Series 2018H, in an amount not to exceed \$23,000,000 and Taxable Multifamily Conduit Revenue Bonds in an amount not to exceed \$2,722,370 to provide financing for the acquisition, construction, and equipping of the West Third Avenue Apartments Project.
2. APPROVE the waiver of certain aspects of the City of Los Angeles' Multi-Family Bond Policies and Procedures (MFBPP), dated April 2005, with respect to the issuance of un-rated, non-credit enhanced bonds and allow the transfer of ownership of the bonds to multiple bond holders.
3. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to negotiate and execute the relevant bond documents for the West Third Avenue Apartments Project, subject to the approval of the City Attorney as to form.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there will be no impact to the General Fund as a result of the issuance of these Tax-Exempt and Taxable Multifamily Conduit Revenue Bonds for the West Third Avenue Apartments Project (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.

Community Impact Statement: None submitted.

Summary:

On November 14, 2018, your Committee considered October 15, 2018 HCIDLA and November 6, 2018 CAO reports and Resolution relative to securing authority to issue Tax-Exempt Multifamily Conduit Revenue Bonds in the amount of up to \$23,000,000 and Taxable Multifamily Conduit Revenue Bonds in the amount of up to \$2,722,370 for the West Third Avenue Apartments Project. According to the CAO, the HCIDLA is requesting authority to issue Tax-Exempt Multifamily Housing Conduit Revenue Bonds in an amount not to exceed \$23,000,000, and Taxable Multifamily Housing Conduit Revenue Bonds in an amount not to exceed \$2,722,370 to finance the construction of the affordable housing development known as the West Third Apartments (Project).

The Project will consist of the acquisition and rehabilitation of an existing motel with 136 units of supportive housing for chronically homeless individuals and one unrestricted manager unit. The subject site is located at 1900 W. Third Street, Los Angeles, CA 90057 in Council District One.

The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on July 18, 2018 in an amount not to exceed \$23,000,000 and designated a January 14, 2019 issuance deadline. West Third Apartments Preservation, LP further requested the issuance of a taxable series of bonds of up to \$2,722,370, which will be used to pay for additional project and transaction costs not payable with tax-exempt proceeds.

The CAO concurs with the recommendations of the HCIDLA. The City's involvement in the issuance of tax-exempt, multi-family housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of West Third Apartments Preservation, LP 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. In May 2012, Council adopted a Responsible Banking Ordinance (RBO; Council File Nos. 09-0234 and 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. As the placement agent for the bond purchaser, Deutsche Bank Securities Inc., Hilltop Securities Inc. (Hilltop) is subject to the investment banking requirements of the RBO. Hilltop is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Hilltop continues to adhere to the reporting requirements. The City does not have business relations with Hilltop; however, since the City acts only as a conduit issuer in these bond transactions and has no financial interest, the selection of the bank does not constitute City business. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the November 6, 2018 CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	ABSENT

ARL
11/14/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-