

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: February 19, 2019

CAO File No. 0220-00540-1332

Council File No. 18-0849

Council District: 9

To: The Mayor  
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated January 9, 2019; Received by the City Administrative Officer on January 18, 2019; Additional Information Received through February 19, 2019

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$7,000,000 FOR THE BROADWAY APARTMENTS PROJECT**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations I through III of the Housing and Community Investment Department transmittal dated January 9, 2019 relative to the issuance of tax-exempt multifamily conduit revenue bonds for the development of the Broadway Apartments.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multi-family housing conduit revenue bonds in an amount not to exceed \$7,000,000 to finance the construction of the affordable housing development known as the Broadway Apartments (Project). The Project will consist of the acquisition and rehabilitation of an existing motel to create 34 supportive housing units for chronically homeless individuals, and one unrestricted manager unit. The subject site is located at 301 West 49<sup>th</sup> Street, Los Angeles, CA 90037 in Council District Nine. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on October 17, 2018 in an amount not to exceed \$7,000,000 and designated an April 15, 2019 issuance deadline. The HCID reports that there is a seller deadline of March 31, 2019. This Office concurs with the recommendations of the Department.

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 Broadway Apartments Preservation, L.P. 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.

The Council adopted a Responsible Banking Ordinance (RBO) in May 2012 (C.F. 09-0234 and C.F. 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.

### **FISCAL IMPACT STATEMENT**

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 (bonds) for the Broadway 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.

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