

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: March 11, 2020

CAO File No. 0220-00540-1440

Council File No. 20-0297

Council District: 14

To: The Mayor  
The Council

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

Reference: Housing and Community Investment Department transmittal dated February 24, 2020; Received by the City Administrative Officer on March 6, 2020, Additional Information Received through March 10, 2020

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$13,376,067, AND ISSUE TAXABLE MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$1,623,933 FOR THE COLORADO EAST APARTMENTS PROJECT**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt Recommendations II. A and B of the Housing and Community Investment Department transmittal dated February 24, 2020 relative to the issuance of tax-exempt and taxable multifamily conduit revenue bonds for the development of the Colorado East Apartments Project.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to issue tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$13,376,067, and taxable multifamily housing conduit revenue bonds in an amount not to exceed \$1,623,933 to finance the construction of the affordable housing development known as the Colorado East Apartments (Project). The Project was formerly known as the Colorado East project. The Project will consist of the demolition of two vacant buildings and new construction of a single mixed-use building with retail at the ground floor and 40 units of supportive housing for homeless individuals, plus one unrestricted manager unit. The subject site is located at 2451 Colorado Boulevard, Los Angeles, CA 90041 in Council District 14. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on July 17, 2019 in an amount not to exceed \$13,376,067 and designated a January 13, 2020 issuance deadline. CDLAC granted a 90-day extension and designated April 13, 2020 as the new issuance deadline. Colorado East L.P. further requested the issuance of a taxable series of bonds of up to \$1,623,933, which will be used to pay for the costs related to the commercial portion of the Project not payable with tax-exempt proceeds. This Office concurs with the recommendations of the Department.

The City's involvement in the issuance of tax-exempt, multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of Colorado East 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. Citibank, N.A. (Citi) is currently in compliance with the reporting requirements of the RBO and HCID will ensure that Citi continues to adhere to the reporting requirements. 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 Colorado East 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.

### **FINANCIAL POLICIES STATEMENT**

The recommendation in this report complies with the City's Financial Policies.

### **DEBT IMPACT STATEMENT**

There is no debt impact as these bonds are a conduit issuance debt and not a debt of the City.

*RHL:MOF:02200129c*