

STAFF REPORT
City of Lancaster

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05/14/13
MVB

Date: May 14, 2013

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Housing and Neighborhood Revitalization Director

Subject: **Resolution authorizing the issuance of Multifamily Housing Revenue Bonds not to exceed \$8,000,000 to assist in the financing of the Rehabilitation of Cedar Ridge located at 2108 East Avenue J-8 in the City of Lancaster**

Recommendation:

Adopt **Resolution No. 13-13**, approving the issuance of Multifamily Housing Revenue Bonds not to exceed \$8,000,000; and approving the form, execution and delivery of a Master Pledge and Assignment Agreement, Master Agency Agreement, Regulatory Agreement and Administration Agreement needed in connection with the issuance of the Bonds; and authorizing the execution and delivery of such other documents deemed necessary to effect the purposes related thereto.

Fiscal Impact:

There is no financial impact. The City will not be a party to the financing documents. The debt will not be secured by any form of taxation, or by any obligation of the City. Neither would the debt represent or constitute a general obligation of the city. Pursuant to the governing California statutes, the City is not responsible for the repayment of obligations under this action. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the developer of the proposed facility. In the financing documents the developer will also provide comprehensive indemnification to the City and its members.

Background:

Cedar Ridge is an existing 110 unit multifamily affordable housing complex located at 2105 E Ave J-8 in Lancaster, California and is owned by I Yam What I Yam, L.P.

I Yam What I Yam, L.P. plans to create an outdoor community space with a playground and artificial turf play lawn, upgrade the building envelope by installing new thermal foam roofs and retrofitted vinyl windows, and replace all the Heating Ventilation Air Conditioning (HVAC) systems with new equipment. Thirty-five percent of the units will be designated for First 5 LA program participants, which are families with children up to five years of age who have some contact with Department of Children and Family Services (DCFS) and are at risk of homelessness. I Yam What I Yam, L.P. is partnering with a non-profit partner Abbey Road, and will contract with supportive services provider Penny Lane to provide social services for these families while they are enrolled in the program and beyond.

I Yam What I Yam, L.P. requests that the City approve the issuance of tax-exempt revenue bonds (the “Bonds”) to be utilized to finance the Cedar Ridge Project. The Bonds would be tax-exempt private activity bonds for the purposes of the Internal Revenue Code and, as such, require the approval of the elected body of the governmental entity having jurisdiction over the area where the project to be financed is located. The City will not be under an obligation to repay the Bond indebtedness

The success of this project is very important to the interests of the City. Therefore, Staff recommends the adoption of this resolution to approve the issuance of Multifamily Housing Revenue Bonds by the City of Lancaster (City) in an aggregate principal amount not to exceed \$8,000,000, to assist in the financing of the rehabilitation of Cedar Ridge in the City of Lancaster.

Attachment:

Resolution No. 13-13