

STAFF REPORT
City of Lancaster

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Date: November 12, 2013

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Director of Housing & Neighborhood Revitalization

Subject: **TEFRA Hearing/Approval of Multifamily Housing Revenue Bonds for College Park, Fernwood Senior Apartments, and Sierra Villa East**

Recommendation:

Adopt **Resolution No. 13-63**, pursuant to Section 147(f) of the Internal Revenue Code of 1986, approving the issuance of housing revenue bonds (the “Housing Revenue Bonds”) by the California Statewide Communities Development Authority (“CSCDA”) in an aggregate principal amount not to exceed \$45 million, up to \$22 million of which is intended to finance the acquisition and rehabilitation of the multifamily rental housing projects located in the City of Lancaster (the “City”) generally known as College Park, Fernwood Senior Apartments, and Sierra Villa East.

Financial Impact:

There is no financial impact. The City itself is not a party to the underlying financing, is not issuing the Housing Revenue Bonds, is not obligated to repay the Housing Revenue Bonds and is not pledging or otherwise committing any of the City’s revenue or other assets to secure repayment of the Housing Revenue Bonds. Although the City is a member of the CSCDA (which is a joint powers authority), applicable law and the terms of the CSCDA’s joint powers agreement provide that a member of the CSCDA is not responsible for the repayment of obligations incurred by the CSCDA. The Housing Revenue Bonds are payable solely from revenue received pursuant to the terms and provisions of certain financing agreements to be executed by the developer. As a part of such financing documents, the developer will agree to provide comprehensive indemnification of the CSCDA and its members, including the City.

Background:

Reliant – San Gabriel, LP (“Reliant”) plans to acquire and extensively renovate 5 existing multifamily housing complexes located throughout Southern California. Three of these complexes are located within the City and are described as follows:

- (a) a 61-unit rental housing development generally known as “College Park,” located at 43331 30th Street West;
- (b) a 76-unit rental housing development generally known as “Fernwood Senior Apartments,” located at 45151 Fern Avenue; and
- (c) a 91-unit rental housing development generally known as “Sierra Villa East,” located at 621 East Avenue I.

The extensive renovations Reliant plans for the properties will include curing all deferred maintenance, updating 100% of the unit interiors, improving curb appeal, reducing operating and utility costs, and ensuring the longevity of each asset. The projects will be operated by FPI Management, Inc.

Reliant requests that the City approve CSCDA’s issuance of the Housing Revenue Bonds in order to finance the above-mentioned projects. The Housing Revenue Bonds will be tax-exempt private activity bonds for 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 finance is located. In order for the City to approve CSCDA’s issuance of the Housing Revenue Bonds, the City must conduct a Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing to allow for public comment on the use of the tax exempt bond financing. Notice of the TEFRA hearing was published in the Antelope Valley Press, a newspaper of general circulation in the community, on October 29, 2013 and November 5, 2013, and the public hearing is scheduled for November 12, 2013.

The City has a significant interest in the success of these projects. Therefore, staff recommends adoption of this resolution in order to approve CSCDA’s issuance of the Housing Revenue Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986. Adoption of this resolution does not establish or warrant in any manner the creditworthiness or repayment of the Housing Revenue Bonds

Attachments:

Resolution No. 13-63
Site Map