

STAFF REPORT
City of Lancaster

PH 1
12/10/13
MVB

Date: December 10, 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 Friendly Village Mobile Home Park and Hacienda Mobile Estates**

Recommendation:

Adopt **Resolution No. 13-64**, 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 Municipal Finance Authority (“CMFA”) in an aggregate principal amount not to exceed \$70 million, up to \$5 million of which is intended to refinance all or a portion of the Caritas Affordable Housing, Inc.’s, a California nonprofit corporation, outstanding Independent Cities Lease Finance Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc. Project) Series 2003A, for mobile home parks located in the City of Lancaster (the “City”) generally known as Friendly Village Mobile Home Park, and Hacienda Mobile Estates.

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. 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.

Background:

Caritas Affordable Housing, Inc. (“Caritas”) plans to finance and refinance the acquisition and improvement of 7 existing mobile home parks located throughout California. Two of these parks to be refinanced are located within the City and are described as follows:

- (a) a 464-space mobile home park generally known as “Friendly Village Mobile Home Park,” located at 1301 East Avenue I in the City of Lancaster; and
- (b) a 264-space mobile home park generally known as “Hacienda Mobile Estates,” located at 2330 East Avenue J-8 in the City of Lancaster.

Caritas requests that the City approve CMFA's issuance of the Housing Revenue Bonds in order to refinance 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 CMFA'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 November 26, 2013 and December 3, 2013, and the public hearing is scheduled for December 10, 2013.

The City has a significant interest in the success of these projects. Therefore, staff recommends adoption of this resolution in order to approve CMFA'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

Attachment:

Resolution No. 13-64