

**STAFF REPORT**  
**City of Lancaster**

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Date: April 22, 2014

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 Desert Sands Estates Mobile Home Park, Friendly Village Mobile Home Park and Hacienda Mobile Estates**

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**Recommendation:**

Adopt **Resolution No. 14-17**, 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 \$70,000,000 (of which approximately \$4,000,000 will be applied to finance the acquisition and improvement of a mobile home park located in the City of Lancaster (the “City”), and \$5,000,000 will be applied to the refinancing of mobile home parks owned by the Borrower in the City).

**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. One park to be acquired and improved is located within the City and is described as follows:

- (a) a 123-space mobile home park generally known as “Desert Sands Estates Mobile Home Park,” located at 45111 25th Street East, Lancaster, California 93535.

Two of the parks to be refinanced are located within the City and are described as follows:

- (b) 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
- (c) 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 April 8, 2014 and April 15, 2014, and the public hearing is scheduled for April 22, 2014.

The City previously conducted a TEFRA hearing and adopted a resolution approving the issuance of the Bonds on December 10, 2013. At that time, however, the acquisition of the Desert Sands Estates Mobile Home Park was not included in the project description. Because the tax law requires approval of the Bonds for the purpose of financing the entire project, including all of the parks to be financed, CMFA and Caritas are requesting that the City adopt the proposed resolution, which approves the issuance of the Bonds for the scope of the project to be financed in its entirety. Therefore, approval in a single resolution of the entire project will better meet the requirements of the tax code.

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. 14-17