

STAFF REPORT
City of Lancaster

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Date: August 11, 2015

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 Copper Square Apartments**

Recommendation:

Adopt **Resolution No. 15-45**, 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 \$26,000,000 for the acquisition, construction, improvement and equipping of a 204-unit multifamily rental housing project located north of Avenue I on 30th Street West (APN 3107-012-116), Lancaster, California, generally known as Copper Square Apartments (the “Project”) to be operated by FPI Management, Inc.

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 Borrower (as defined below).

Background:

Copper Square Apartments, LLC (“Borrower”) requests that the City approve CMFA’s issuance of the Housing Revenue Bonds in order to finance the Project. 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 financed 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 July 28, 2015 and August 4, 2015, and the public hearing is scheduled for August 11, 2015.

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. 15-45