

STAFF REPORT
City of Lancaster, California
Lancaster Redevelopment Agency

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02/26/08
MVB

Date: February 26, 2008

To: Mayor Hearn and City Council Members
Chairman Hearn and Agency Board Members

From: Elizabeth Brubaker, Housing and Neighborhood Revitalization Director

Subject: **Approve Resolution of the City Council of the City of Lancaster approving an agreement for the sale of real property by and between the Lancaster Redevelopment Agency and Oasis National, Inc.**

Adopt Resolution of the Lancaster Redevelopment Agency approving an agreement for the sale of real property by and between the Lancaster Redevelopment Agency and Oasis National, Inc. and Appropriating Funds in Connection Therewith

City Council Recommendation:

Approve **Resolution No. 08-20** of the City Council of the City of Lancaster approving an agreement for the sale of real property by and between the Lancaster Redevelopment Agency and Oasis National, Inc.

Redevelopment Agency Recommendation:

- a. Approve **Resolution No. 01-08** of the Lancaster Redevelopment Agency approving an agreement for the sale of real property by and between the Lancaster Redevelopment Agency and Oasis National, Inc.

- b. Approve appropriation of an amount not to exceed \$1,150,000 from the Lancaster Redevelopment Agency's Low and Moderate-Income Housing Fund Balance to account 910-6660-942 to complete the sale of real property from the Lancaster Redevelopment Agency to Oasis National, Inc.

Fiscal Impact:

The cost of the Agreement is described in detail in the Attached Summary Report. In addition to the proceeds of the Bonds, the Agency will contribute funds from its Low- and Moderate-Income Housing Fund for the purpose of paying a portion of the costs of issuance and the difference between the amount required to redeem the outstanding bonds with respect to each park and the proceeds of the Bonds.

Background:

On November 3, 2006, the Agency received a Letter of Intent from Oasis National Inc. a California non-profit Corporation for the acquisition of Brierwood Mobile Home Estates and Desert Sands Mobile Home Estates. Oasis National is a non-profit organization chartered to preserve affordable housing through the ownership of manufactured home communities. Their proposal will cause the following:

- defeasance of the current 1999 Brierwood MHP Lease Revenue Refunding Bonds and the 1997 Desert Sands MHP Revenue Bonds
- maintain quality affordable housing by a qualified 501(c)(3) organization
- maintain current management of Parks by Newport Pacific

Oasis National will maintain Brierwood and Desert Sands Mobilehome Parks as multifamily housing projects where at least 75% of the units will be occupied by residents that qualify as low-income and at least 20% of those units will be occupied by residents that also meet the very low-income limit for the area as determined by the State Department of Housing & Urban Development for the Los Angeles/Long Beach Metropolitan Area. Brierwood consists of 307 spaces and Desert Sands consists of 123 spaces. Both Parks are currently full.

To determine the feasibility of the Oasis National proposal, the Agency's financial advisor, Urban Futures, Inc. preformed a review of the proposed acquisition and related conduit financing based on probable bond ratings and current interest rates. Their review indicates that the financial assumptions and related sources and uses of funds for the acquisition look reasonable based upon current market conditions. In summary, Urban Futures, Inc. recommends the Agency and Housing Authority move forward with the sale of the mobile home parks.

In connection with such application, the City Council and Agency will conduct a joint public hearing concerning the sale of Desert Sands and adopt the attached resolution. In order to fulfill the requirements of Section 147(f) of the Internal Revenue Code of 1986 as amended, a public hearing is required to allow all interested persons the opportunity to discuss the Project.

Concurrent with this public hearing, the City Council must conduct a TEFRA hearing as required by Section 147(f) of the Internal Revenue Code of 1986 and the Housing Authority will conduct a public hearing concerning the sale of Brierwood. Since these public hearings overlap, it is recommended that each of the public hearings be opened and conducted concurrently.