

**STAFF REPORT**  
**City of Lancaster, California**

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6/10/08
MVB

Date: June 10, 2008

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Director of Housing & Neighborhood Revitalization

Subject: **TEFRA Hearing/Approval of Multi-family Housing Revenue Bonds for Poppyfield Estates**

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**Recommendation:**

Adopt **Resolution No. 08-46**, approving the issuance of Multi-family Housing Revenue Bonds by California Statewide Communities Development Authority (CSCDA) in an aggregate principal amount not to exceed \$13,000,000 to assist in the financing of the construction of Poppyfield Estates in the City of Lancaster.

**Financial Impact:**

There is no financial impact. The city will not be a party to the financing documents. The debt will not be secured by any form of taxation, or by any obligation of the city. Neither would the debt represent or constitute a general obligation of the city. Pursuant to the governing California statutes and the JPA Agreement, a member of CSCDA is not responsible for the repayment of obligations incurred by CSCDA. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the developer of the proposed facility. In the financing documents the developer will also provide comprehensive indemnification to CSCDA and its members, including the city.

**Background:**

On February 28, 2006, the City Council adopted the resolution to approve the issuance of approximately \$11,000,000 of multi-family housing revenue bonds, Series 2006 by the California Statewide Communities Development Authority, in connection with the implementation of the North Downtown Transit Village project. The proceeds of which were loaned to Leaps & Bounds, LP, a California Limited Partnership (the "Developer") to construct Poppyfield Estates, a 100-unit multi-family housing complex and a 20,000 square foot facility for an outpatient mental health care facility for adults, youth and families to be utilized as the new Mental Health Association headquarters. The project is located on property that is known as 530 West Jackman Street.

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In connection with such issuance of bonds, the CSCDA is proposing to issue an additional \$2,000,000 of multi-family housing revenue bonds, Series 2008, bringing the total issuance of bonds to an aggregate principal amount not to exceed \$13,000,000. The proceeds of which will be loaned to the Developer for the construction completion of Poppyfield Estates. The project is 90% complete and expected to be 100% complete by the end of August 2008. The subsequent bond issuance is needed to meet additional funding requirements for tax credit allocations necessary for the construction completion of Poppyfield Estates.

The Bonds would be tax-exempt private activity bonds for the 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. The City will not be under any obligation to repay the Bond indebtedness.

In order for CSCDA to issue such Bonds, the City must (1) conduct a public hearing allowing members of the public to comment on the proposed Project, and (2) approve of the CSCDA's issuance of Bonds on behalf of the proposed financing. Although CSCDA (not the City) will be the issuer of the tax-exempt revenue bonds for the Project, the financing cannot proceed without the City becoming a member of CSCDA and, as the governmental entity having jurisdiction over the site, approving of the CSCDA's issuance of indebtedness.

CSCDA is a California joint exercise of powers authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following), and is sponsored by the League of California Cities and the California State Association of Counties. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. Over 470 California cities, counties and special districts have entered into and executed the Agreement to become a member of CSCDA, including the City of Lancaster. CSCDA is authorized to assist in the financing of 501(c)(3) nonprofit projects.