

STAFF REPORT
City of Lancaster, California

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MVB

Date: July 8, 2008

To: Mayor Roberts and City Council Members

From: Elizabeth Brubaker, Director of Housing & Neighborhood Revitalization

Subject: **TEFRA Hearing/Approval of Multifamily Housing Revenue Bonds for Arbor on Date**

Recommendation:

Adopt **Resolution No. 08-70**, approving the issuance of Multifamily Housing Revenue Bonds by City of Lancaster (City) in an aggregate principal amount not to exceed \$7,000,000, to assist in the financing of the construction of Arbor on Date in the City of Lancaster.

Financial Impact:

There is no financial impact. 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. 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 City and its members.

Background:

On July 24, 2007, the City Council adopted the resolution to apply for and receive an allocation of \$4,000,000 of HOME Investment Partnership Program funds from the California Department of Housing and Community Development for Arbor on Date, a 40-unit multi-family workforce housing project located at 44927 Date Avenue in the North Downtown Transit Village Project.

On January 11, 2008, the City was notified that the application submitted was successful for the award of HOME funds. The primary objective of the HOME Program is to provide affordable housing opportunities through program partnerships with local government entities consistent with their affordable housing priorities. The City will lend Grow A Pear, LP (the "Borrower") \$4,000,000 of HOME funds, to assist with the leveraging of financing to construct the Arbor on Date workforce housing project. The affordability period is for fifty-five years and the recording of Affordability Covenants, Conditions and Restrictions on the property will enforce the period of affordability and provide community benefits over the long term.

Grow A Pear, LP requests that the City approve the issuance of tax-exempt revenue bonds (the "Bonds") to be utilized to finance the Arbor on Date Project. 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

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the project to be financed is located. The City will not be under any obligation to repay the Bond indebtedness from other than amounts paid by the Borrower.

In order for the City 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 issuance of Bonds on behalf of the proposed financing. The City is the governmental entity having jurisdiction over the site, approving of the issuance of indebtedness.

The success of this project is very important to the interests of the City. Therefore, Staff recommends the adoption of this resolution to approve the issuance of Multifamily Housing Revenue Bonds by City of Lancaster in an aggregate principal amount not to exceed \$7,000,000, to assist in the financing of the construction of Arbor on Date in the City of Lancaster.

Attachment:

Resolution No. 08-70