

**STAFF REPORT**  
Lancaster Redevelopment Agency

RCC 4
06/23/09
MVB

Date: June 23, 2009

To: Chairman Parris and Agency Directors

From: Mark Bozigian, Executive Director

Subject: **Adoption of Resolution Regarding the Issuance of the Agency's Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Bonds, Issue of 2009, to Finance Additional Housing Program Costs.**

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**Recommendations:**

Adopt **Resolution No. 10-09**, a resolution of the Lancaster Redevelopment Agency, approving the forms of and authorizing the execution of an Indenture of Trust, a Bond Purchase Contract, a Continuing Disclosure Agreement and an Official Statement relating to the issuance of the Agency's Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Bonds, Issue of 2009 and approving certain actions in connection therewith.

**Fiscal Impact:**

The Agency will leverage a portion of the increase in assessed values since its last issuance of housing program tax allocation bonds in 2004, and generate net proceeds of approximately \$35 million for housing purposes. In conjunction with the 2009 bond issue the Agency will defease a portion of older housing bond debt issued in 1994 and 1999, to remove a senior lien on the housing set-aside portion of tax increment. This will allow for a more efficient issuance of the proposed 2009 Bonds. This defeasance was authorized by the Agency at its June 9, 2009 meeting. The estimated annual debt service payment for the proposed 2009 Bonds is approximately \$2.9 million per year, increasing to \$4.3 million per year over time. The increase in debt service over time will be structured to wrap around previously issued housing bonds that will mature several years prior to the final term date of the 2009 Bonds, which will allow for combined level housing debt service payments over the term of the combined housing issues. The pledge of tax increment will be limited to the portion of tax increment required to be set aside in the Agency's Low- and Moderate-Income Housing Set-Aside Fund (the "Housing Set-Aside Amount").

**Background:**

The Agency has previously issued its Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994, and its Amargosa Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1999 (collectively to the extent of the pledge of the Housing Set-Aside Amount, the "Prior Bonds"). The Prior Bonds will have their respective housing related bonds defeased from the Housing Fund, which will remove the senior lien that the Prior Bonds have on the Housing Set-Aside Amount and allow for a more efficient issuance of the 2009 Bonds.

The Agency has also previously issued tax allocation bonds for housing purposes in 2003 (with separate 2003 and 2003B issues), and in 2004. The proposed 2009 Bonds will be issued on a parity basis with the 2003, 2003B, and 2004 Bonds, with each issue having an equal lien on the Housing Set-Aside Amount.

The proposed 2009 Bonds will provide net proceeds for housing programs in the estimated amount of \$35 million. Although the Agency's current maximum bonding capacity for new housing bonds is over \$70 million, the 2009 Bond issue has been conservatively sized in order to allow for any potential adjustments to project area assessed valuation amounts due to current real estate market conditions.

The estimated net proceeds will be used for housing programs, including the acquisition of foreclosure properties which will then be rehabilitated and sold to owner occupants, and the acquisition of older multifamily developments, which will include relocation activities and eventual demolition of the structures. This will assist the Agency with achieving the goal of creating a more ideal balance between home ownership and rental property ownership, and improve the overall appearance of the community. In addition, the Agency will get credit for meeting inclusionary housing obligations of the Community Redevelopment Law.

The forms of the Indenture of Trust, Preliminary Official Statement, Bond Purchase Contract and Continuing Disclosure Agreement are on file with the City Clerk.

**Attachments:**

Resolution No. 10-09