



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-16

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

February 7, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and adopt a Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA) to benefit a partnership to be formed by Century Affordable Development, Inc. (Century), to finance the rehabilitation of the Beachwood Apartments, in an amount not to exceed \$15,000,000. (District 1)

DISCUSSION

Century, a California non-profit, 501 (c)(3) corporation, has requested that CMFA issue bonds on its behalf, in an aggregate amount not to exceed \$15,000,000, for the rehabilitation of a 45-unit multifamily development known as Beachwood Apartments, located at 475 West Fifth Street and 505 West Sixth Street (Project). Beachwood Apartments is restricted to lower-income disabled households.

Century is a non-profit affiliate of Century Housing Corporation and Century Villages at Cabrillo. Century has a long history of development experience. Over the past 20 years, Century, through its affiliates, has developed and rehabilitated extensive housing and supportive service space, including 1,204 residential units across 13 developments, with another 383 units in predevelopment or under construction. The CMFA is a joint exercise of powers authority, consisting of over 240 California cities, counties, and special districts, whose mission is to support economic development, job creation, and social programs throughout the State of California while giving back to California communities.

The CMFA will issue tax-exempt debt, the proceeds of which will be loaned to the partnership formed by Century Affordable Development, Inc. (Borrower), to fund the Project. The City, through The Long Beach Community Investment Company, provided a \$2 million Home Investment Partnerships Program (HOME) loan to Century for the acquisition of the project in late 2016 that was funded by the U.S Department of Housing and Urban Development (HUD). The Project will undergo substantial rehabilitation using tax credit equity and bond proceeds. Major building systems, including mechanical and roofing updates, will be completed. Energy efficiency will be improved via new dual pane windows, low-flow water fixtures, and drought tolerant landscaping. Beachwood Apartments will be home to households headed by a disabled adult. Rents will be restricted to households with incomes no greater than 60 percent of

the area median income. Rent restrictions for the 44 affordable units (plus one staff unit) will extend for 55 years. Revenues from the financed Project will be the source of funds to repay the tax-exempt debt.

The Internal Revenue Code requires that CMFA seek approval from the City Council in order for bonds to be issued. As required by Federal tax law, a TEFRA public hearing notification was published in the Press-Telegram on January 9, 2017. The TEFRA hearing was held on January 31, 2017 at 9:00 a.m. The public hearing was conducted by the City Treasurer in the sixth floor conference room of City Hall. No public comment was presented at the hearing.

This matter was reviewed by Deputy City Attorney Richard Anthony on January 23, 2017 and by Budget Operations Administrator Grace Yoon on January 17, 2017.

TIMING CONSIDERATIONS

City Council action is requested on February 7, 2017, to facilitate CMFA's forthcoming debt issuance.

FISCAL IMPACT

There is no fiscal impact associated with this action. The City has no financial obligation or liability associated with this financing. No City funds or taxing authority will be pledged in support of this financing. This project will provide continued support to our local economy by providing up to 50 jobs for a ten-month period.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES



PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS BEACHWOOD APARTMENTS

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), certain public agencies (the "Members") have entered into a Joint Exercise of Powers Agreement, effective on January 1, 2004 (the "Agreement") in order to form the California Municipal Finance Authority (the "Authority"), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes, or other evidences of indebtedness; and

WHEREAS, the City of Long Beach (the "City") is a member of the Authority; and

WHEREAS, the Authority is authorized to issue and sell revenue bonds for the purpose, among others, of financing or refinancing the acquisition, construction and rehabilitation of multifamily rental housing projects; and

WHEREAS, Century Affordable Development, Inc. ("Century") has requested that the Authority issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$15,000,000 (the "Bonds"), and lend the proceeds of the Bonds to a partnership (the "Borrower") to be formed by Century, for the purpose of financing the costs of the acquisition and rehabilitation of a 45 unit multifamily residential rental facility known as Beachwood Apartments located at 475 West 5th Street and 505

1 West 6th Street in the City (the "Project"), to be owned by the Borrower and to be
2 operated initially by SK Management or another entity selected by the Borrower; and

3 WHEREAS, in order for the interest on Bonds to be tax-exempt, section
4 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that an
5 "applicable elected representative" of the governmental unit, the geographic jurisdiction of
6 which contains the site of Project to be financed with the proceeds of the Bonds, approve
7 the issuance of the Bonds following a public hearing regarding the financing of the
8 Project; and

9 WHEREAS, the Authority has determined that the City Council is an
10 "applicable elected representative" for purposes of approving the issuance of the Bonds
11 by the Authority; and

12 WHEREAS, the Authority has requested that the City hold the public
13 hearing and that the City Council approve the issuance of the Bonds by the Authority in
14 order to satisfy the public approval requirements of section 147(f) of the Code and the
15 requirements of Section 4 of the Agreement; and

16 WHEREAS, notice of a public hearing for the proposed financing has been
17 duly given as required by the Code, and on January 31, 2017 the City Treasurer held the
18 public hearing at which all interested persons were given an opportunity to be heard on
19 all matters relative to the financing of the Project and the Authority's issuance of the
20 Bonds, and a summary of any oral or written testimony received at the public hearing has
21 been presented to the City Council for its consideration; and

22 WHEREAS, it is in the public interest and for the public benefit that the City
23 Council approve the issuance of the Bonds by the Authority for the aforesaid purposes;

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. The City Council hereby approves the issuance of the Bonds by
27 the Authority for the purpose of providing funds to make a loan to the Borrower to enable
28 the Borrower to finance costs of the Project. It is the purpose and intent of the City Council

1 that this Resolution constitute approval of the issuance of the Bonds by the Authority for the
2 purposes of: (a) section 147(f) of the Code, by the applicable elected representative of the
3 governmental unit having jurisdiction over the area in which the Project is located, in
4 accordance with section 147(f) of the Code, and (b) Section 4 of the Agreement.

5 Section 2. The issuance of the Bonds shall be subject to approval of the
6 Authority of all financing documents relating thereto to which the Authority is a party. The
7 City shall have no responsibility or liability whatsoever with respect to repayment or
8 administration of the Bonds.

9 Section 3. The adoption of this Resolution shall not obligate the City or
10 any department thereof to (a) provide any financing to acquire or rehabilitate the Project;
11 (b) approve any application or request for or take any other action in connection with any
12 planning approval, permit or other action necessary for the acquisition, rehabilitation or
13 operation of the Project; (c) make any contribution or advance any funds whatsoever to
14 the Authority; or (d) take any further action with respect to the Authority or its membership
15 therein.

16 Section 4. The City Manager, the City Treasurer, the City Clerk and all
17 other officers and officials of the City are hereby authorized and directed to do any and all
18 things and to execute and deliver any and all agreements, documents and certificates
19 which they deem necessary or advisable in order to carry out, give effect to and comply
20 with the terms and intent of this Resolution and the financing transaction approved
21 hereby.

22 Section 5. This resolution shall take effect immediately upon its adoption
23 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2017 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk