



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

# R-30

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

October 18, 2005

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

- (1) Adopt the attached Resolution authorizing the Issuance of Multifamily Mortgage Revenue Bonds in the amount of \$2,500,000 for the purpose of providing additional financing for the acquisition and construction of the Jamboree West Gateway Apartments; and approving other related documents and actions; and
- (2) Authorize the City Manager to execute all documents necessary to complete this transaction as indicated in the Resolution. (Districts 1)

## DISCUSSION

On November 16, 2004, the City Council authorized the issuance of Multifamily Housing Revenue bonds in the amount of \$11,000,000 to finance the acquisition and construction of the Jamboree West Gateway Apartments. Subsequent to the City Council action, bonds were issued on December 13, 2004. A copy of the City Council letter is attached for your information (Attachment A).

On July 12, 2005, the City Council adopted a Resolution expressing the City's intent to issue Multifamily Housing Revenue bonds in the amount of \$2,500,000 for the purpose of providing additional financing for the acquisition and construction of the Jamboree West Gateway Apartments. A copy of the City Council letter and Resolution are attached for your information (Attachment B).

At the time the \$11,000,000 of bonds were issued, the estimated construction budget was based on 50 percent complete construction drawings, as well as on the ability to convey the site to the developer so that construction could begin by March 15, 2005. Conveyance of the site to the developer was delayed due to delays with acquisition, tenant relocation and the relocation of a historic home from the site. Due to rising construction costs during that time, as well as higher construction bids based on final construction drawings, and as discussed in the July 12, 2005, Council letter construction costs have risen and it is necessary to increase financing for the project by up to \$2,500,000.

HONORABLE MAYOR AND CITY COUNCIL

October 18, 2005

Page 2

The site was conveyed to the developer on September 9, 2005, and construction of the 64-unit affordable housing development began on September 20, 2005. Construction is expected to be complete in January 2007.

Pursuant to current City policy and state law, on July 12, 2005, a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was conducted in the office of the City Treasurer regarding the potential issuance by the City of \$2,500,000 in Multifamily Housing Revenue Bonds to provide financing for the project. An additional TEFRA hearing was conducted on October 18, 2005, in the office of the City Treasurer, regarding the modification of the 2004 bond documents to reflect the additional amount allocated by the 2005 bonds.

To proceed with the bond issuance and sale, it is necessary for the City Council to adopt the attached Resolution authorizing the issuance of Multifamily Mortgage Revenue Bonds for additional financing in the amount to \$2,500,000 for the acquisition and construction of the Jamboree West Gateway Apartments (Attachment C).

This letter was reviewed by Deputy City Attorney Everett Glenn and Budget Management Officer David Wodynski on October 7, 2005.

#### TIMING CONSIDERATIONS

City Council action is requested on October 18, 2005 to meet the projected bond closing date of October 31, 2005.

#### FISCAL IMPACT

There is no fiscal impact related to the recommended action. The developer will repay the Bond debt with revenue from the project rents.

#### SUGGESTED ACTION:

Approve recommendation.

HONORABLE MAYOR AND CITY COUNCIL

October 18, 2005

Page 3

Respectfully submitted,



PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT



MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

PW/ES/PU/cb

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APPROVED:



GERALD R. MILLER  
CITY MANAGER

Attachments:

Attachment A – November 16, 2004 City Council letter and Resolution

Attachment B – July 12, 2005 City Council letter and Resolution

Resolution