

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

June 9, 2015

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 the attached Resolution approving the issuance of revenue bonds by the California Statewide Communities Development Authority (CSCDA), to benefit Springdale West Preservation Limited Partnership, or its affiliates, Springdale West Apartments, in an amount not to exceed \$80,000,000. (District 7)

DISCUSSION

Springdale West Preservation Limited Partnership has requested the California Statewide Communities Development Authority (CSCDA) to issue bonds on its behalf, in an aggregate amount not to exceed \$80,000,000. The CSCDA is a joint exercise of powers authority consisting of over 500 California cities, counties and special districts, including the City.

The CSCDA will issue tax-exempt debt to help finance the acquisition and rehabilitation of an apartment building located at 2095 W. Spring Street, which is referred to as Springdale West Apartments (Springdale). Springdale was built in the mid-1970s as an affordable housing community intended for very low- and low-income households. It includes 410 one-, two-, and three-bedroom apartment units. The rehabilitation of the property will include updated landscaping, new kitchen appliances, countertops and cabinets, flooring, windows, painting, fencing, and water heaters. Additionally, the developer will construct a swimming pool for use by all tenants.

The project's affordability covenants are due to expire within the next six months, and the existing affordable units are at risk of converting to market rate, as indicated in the City's Certified 2013-2021 Housing Element (Housing Element). The Housing Element, Section V Policy 1.1, encourages providing financial and other assistance to preserve the affordability of at-risk housing units. Springdale West Preservation Limited Partnership is proposing to preserve the project's affordability through the acquisition and rehabilitation of the project, and is also proposing a financing package that includes tax-exempt bond proceeds, low-income housing tax credits, and a seller note. The expected bond issuance date is September 2015.

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The Internal Revenue Service Code requires that CSCDA seek City Council approval of the debt-issuance, a portion of which will benefit facilities within the City, without taking a position on the project itself. A TEFRA public hearing notification was published in the Long Beach Press-Telegram on May 8, 2015. The TEFRA hearing was held on May 22, 2015 at 10:00 am. The public hearing, required by Federal tax law regulations, was conducted by the City Treasurer in the sixth floor conference room at City Hall. No public comment was received.

This matter was reviewed by City Attorney Richard Anthony on May 15, 2015 and by Budget Management Officer Victoria Bell on May 19, 2015.

TIMING CONSIDERATIONS

City Council action is requested on June 9, 2015 to facilitate CSCDA'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 interest or taxing authority was pledged in support of this financing. The project is expected to provide a total of 80 jobs, 50 construction jobs during the rehabilitation phase, and 10 jobs onsite and 20 jobs through third-party vendors.

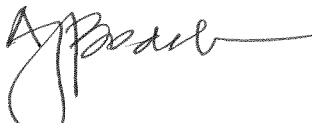
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER

JGG: AJB: DN: PU: LK
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ATTACHMENT - RESOLUTION

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE ISSUANCE BY
5 THE CALIFORNIA STATEWIDE COMMUNITIES
6 DEVELOPMENT AUTHORITY OF MULTIFAMILY
7 HOUSING REVENUE BONDS FOR THE SPRINGDALE
8 WEST APARTMENTS

9
10 WHEREAS, the California Statewide Communities Development Authority
11 (the "Authority") is authorized pursuant to the provisions of California Government Code
12 Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of
13 Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local
14 agencies throughout the State of California, including the City of Long Beach (the "City"),
15 to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the
16 California Health and Safety Code for the purpose of financing multifamily rental housing
17 projects; and

18 WHEREAS, Springdale West Preservation Limited Partnership has
19 requested that the Authority adopt a plan of financing providing for the issuance of
20 multifamily housing revenue bonds (the "Bonds") in one or more series issued from time
21 to time, including bonds issued to refund such revenue bonds in one or more series from
22 time to time, and at no time to exceed \$80,000,000 in outstanding aggregate principal
23 amount, to finance the acquisition and rehabilitation of a 410-unit multifamily rental
24 housing project located at 2095 W. Spring Street in the City of Long Beach (the "City"),
25 California, generally known as Springdale West Apartments (the "Project"); and

26 WHEREAS, the City is a member of the Authority; and

27 WHEREAS, the Bonds or a portion thereof will be "private activity bonds"
28 for purposes of the Internal Revenue Code of 1986 (the "Code"); and

1 WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance,
2 private activity bonds are required to be approved by the “applicable elected
3 representative” of the governmental units on whose behalf such bonds are expected to
4 be issued and by a governmental unit having jurisdiction over the entire area in which any
5 facility financed by such bonds is to be located, after a public hearing held following
6 reasonable public notice; and

7 WHEREAS, the Authority has determined that the City Treasurer is an
8 acceptable party to hold the public hearing and the members of this City Council (this
9 “City Council”) are the applicable elected representatives of the City; and

10 WHEREAS, a notice of a public hearing for the proposed financing has
11 been duly given as required by the Code, and on May 22, 2015 the City Treasurer held
12 the public hearing at which all interested persons were given an opportunity to be heard
13 on all matters relative to the financing of the Project and the issuance of the Bonds
14 therefore, and a summary of any oral or written testimony received at the public hearing
15 has been presented to the City Council for its consideration; and

16 WHEREAS, the Authority is also requesting that the City Council approve
17 the issuance of any refunding bonds hereafter issued by the Authority for the purpose of
18 refinancing the Bonds which financed the Project (the “Refunding Bonds”), but only in
19 such cases where federal tax laws would not require additional consideration or approval
20 by the City Council; and

21 WHEREAS, it is intended that this resolution shall constitute the approval of
22 the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the
23 Agreement;

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

26 Section 1. The above recitals are true and correct.

27 Section 2. The City Council hereby approves the issuance of the Bonds
28 and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council

1 that this resolution constitute approval of the Bonds for the purposes of (a) Section 147(f)
2 of the Code and (b) Section 9 of the Agreement.

3 Section 3. The issuance of the Bonds shall be subject to approval of the
4 Authority of all financing documents relating thereto to which the Authority is a party. The
5 City shall have no responsibility or liability whatsoever with respect to repayment or
6 administration of the Bonds.

7 Section 4. The adoption of this resolution shall not obligate the City or
8 any department thereof to (a) provide any financing to acquire or rehabilitate the Project;
9 (b) approve any application or request for or take any other action in connection with any
10 planning approval, permit or other action necessary for the acquisition, rehabilitation or
11 operation of the Project; (c) make any contribution or advance any funds whatsoever to
12 the Authority; or (d) take any further action with respect to the Authority or its membership
13 therein.

14 Section 5. The City Manager, the City Treasurer, the City Clerk and all
15 other proper officers and officials of the City are hereby authorized and directed to
16 execute such other agreements, documents and certificates, and to perform such other
17 acts and deeds, as may be necessary or convenient to effect the purposes of this
18 resolution.

19 Section 6. This resolution shall take effect immediately upon its adoption
20 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 _____, 2015 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
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