

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

February 2, 2016

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 multi-family housing revenue bonds by the California Municipal Finance Authority (CMFA), to benefit a partnership to be formed by Mercy Housing California, a nonprofit corporation, in an amount not to exceed \$40,000,000. (District 6)

DISCUSSION

The mission of Mercy Housing California (Mercy), the largest regional division of Mercy Housing, Inc., a national nonprofit corporation, is to promote affordable housing and supportive programs to improve the economic status of residents, transform neighborhoods and stabilize lives. Mercy serves low- and very low-income working families, seniors and individuals across 36 California counties, with developments of 10,942 affordable homes, including 7,940 in rental and 3,002 in homeownership. Mercy has requested that CMFA issue bonds on its behalf, in an aggregate amount not to exceed \$40,000,000. The CMFA is a joint exercise of powers authority, consisting of over 200 California cities, counties, and special districts, whose mission is to support economic development, job creation and social programs throughout the State of California.

The CMFA will issue tax-exempt debt, the proceeds of which will be loaned to a partnership to be formed by Mercy, for the purpose of financing the acquisition and rehabilitation of Saint Mary Tower Apartments, an existing 148 unit multifamily residential building located at 1120 Atlantic Avenue (Project). The Project, which was originally constructed in 1986, will be rehabilitated to improve energy and water efficiency, common area amenities, resident service facilities and interior units. Rental occupancy will be restricted to households with incomes no greater than 60 percent of the area median income. This tax-exempt financing will result in the preservation of 148 units and will extend the affordability of the Project for 55 years. Revenues from the Project to be financed will be the source of funds to repay the tax-exempt debt.

HONORABLE MAYOR AND CITY COUNCIL

February 2, 2016

Page 2

The Internal Revenue Code requires that CMFA seek City Council approval of the debt-issuance, a portion of which will benefit facilities within the City. A TEFRA public hearing notification was published in the Long Beach Press-Telegram on January 11, 2016. The TEFRA hearing was held on January 26, 2016, at 9:00 a.m. The public hearing, as 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 presented at the hearing.

This matter was reviewed by Deputy City Attorney Richard Anthony on January 11, 2016 and by Budget Management Officer Victoria Bell on January 12, 2016.

TIMING CONSIDERATIONS

City Council action is requested on February 2, 2016 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 interest or taxing authority is pledged in support of this financing. The Project will provide continued support to our local economy by providing up to 70 jobs during the 12 month rehabilitation phase.

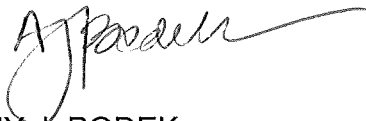
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES

JG:AJB:DN
K:\EXEC\COUNCIL LETTERS\TREASURY\02-02-16 CCL - TEFRA ST. MARY TOWER.DOCX

ATTACHMENT – RESOLUTION

APPROVED:


PATRICK H. WEST
CITY MANAGER

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 SAINT MARY TOWER
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, Mercy Housing California ("Mercy") has requested that the
Authority issue one or more series of revenue bonds in an aggregate principal amount
not to exceed \$40,000,000 (the "Bonds"), and lend the proceeds of the Bonds to Mercy
Housing California 71, LP, a California limited partnership, or another entity formed by
Mercy or an affiliate thereof (the "Borrower"), for the purpose of financing the costs of the

1 acquisition and rehabilitation of a one hundred forty-eight (148) unit multifamily residential
2 rental facility known as Saint Mary Tower Apartments located at 1120 Atlantic Avenue in
3 the City (the "Project"), to be owned by the Borrower; and

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

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

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

17 WHEREAS, notice of a public hearing for the proposed financing has been
18 duly given as required by the Code, and on January 11, 2016 the City Treasurer held the
19 public hearing at which all interested persons were given an opportunity to be heard on
20 all matters relative to the financing of the Project and the Authority's issuance of the
21 Bonds, and a summary of any oral or written testimony received at the public hearing has
22 been presented to the City Council for its consideration; and

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

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

27 Section 1. The City Council hereby approves the issuance of the Bonds by
28 the Authority in an amount not to exceed \$40,000,000 for the purpose of providing funds to

1 make a loan to the Borrower to enable the Borrower to finance the costs of the Project. It is
2 the purpose and intent of the City Council that this Resolution constitute approval of the
3 issuance of the Bonds by the Authority for the purposes of: (a) section 147(f) of the Code,
4 by the applicable elected representative of the governmental unit having jurisdiction over the
5 area in which the Project is located, in accordance with section 147(f) of the Code, and (b)
6 Section 4 of the Agreement.

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

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

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

24 Section 5. This resolution shall take effect immediately upon its adoption
25 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 _____, 2016 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk