



## Legislation Text

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**File #:** 12-0913, **Version:** 1

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Recommendation to receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt resolution approving the issuance of revenue bonds by the California Statewide Community Development Authority (CSCDA) to benefit Hunt Capital Partners, LLC, or its affiliates, Belwood Arms Apartments, in an amount not to exceed \$7,500,000. (District 9)

Hunt Capital Partners, LLC, Western Community Housing, Inc., Davila Properties, LLC, and Ashwood Construction, Inc., formed a limited partnership and have requested the CSCDA to issue bonds on its behalf in an aggregate amount not to exceed \$7,500,000. The CSCDA is a joint exercise of powers authority consisting of over 500 California cities, counties and special districts, including the City of Long Beach.

The CSCDA will issue tax-exempt debt to help finance the acquisition and rehabilitation of an apartment building located at 6301 Atlantic Avenue, which is referred to as Belwood Arms Apartments. The development provides housing for low- and very low-income residents and includes 34 apartment units. The rehabilitation will include the replacement kitchens and bathrooms in all the units; replacement of floor coverings, appliances, and lighting; an upgrade of the roof-mounted solar and auxiliary hot water systems; an upgrade of the plumbing and electrical systems; replacement of the roof; installation of new energy efficient windows; and, extensive exterior improvements, including new siding, architectural treatments, landscaping and lighting.

The project is being financed with tax-exempt bond proceeds, low-income housing tax credits, deferred developer fee, and a loan from The Long Beach Housing Development Company (LBHDC), which was approved on June 15, 2011.

The original TEFRA hearing was held on July 14, 2011, and the City Council originally adopted a Resolution approving the issuance of revenue bonds by CSCDA for this project on August 16, 2011. The project was delayed, and affordable housing funding from the LBHDC was put on hold due to the dissolution of redevelopment agencies in California, as a result of AB 1X26.

The recent passage of AB 1484 clarified that certain remaining unspent housing funds (2005 redevelopment bond proceeds) could be used for their intended purpose, affordable housing. As a result, the project is now able to move forward with an affordable housing loan from the LBHDC. In addition, the Successor Agency took action to support the previous LBHDC loan approval on August 21, 2012, and the Oversight Board approved the deal structure on August 27, 2012. Lastly, the California State Department of Finance did not challenge this expenditure of housing funds.

The expected bond issuance date is January 15, 2013. Under applicable Federal tax law the public hearing must be held no earlier than one year from the date of issuance of the bonds, and because the bonds were not issued before July 14th, a new public hearing is needed for the bonds to be tax-exempt.

The Internal Revenue Service Code requires that CSCDA seek approval from the City Council in order for the bonds to be issued, which will benefit facilities within the City. A TEFRA public hearing notification was published in the Long Beach Press-Telegram on September 4, 2012. The TEFRA hearing was held on September 18, 2012. The public hearing, required by Federal tax law regulations, was conducted by the City Treasurer. No public comment was presented.

This matter was reviewed by Assistant City Attorney Charles Parkin on September 28, 2012 and Budget Management Officer Victoria Bell on October 2, 2012.

City Council action is requested on October 23, 2012 to facilitate CSCDA's forthcoming debt issuance.

The requested action has no fiscal impact to the General Fund or the Housing Development Fund (SR 135). The bonds are issued as limited obligations of CSCDA, not the City, payable solely out of the revenues and receipts derived from the benefiting project. As a result, no City interest or taxing authority is pledged in support of this financing, and the City has no financial obligation or liability associated with this tax-exempt bond financing.

This project will provide up to 150 jobs during the construction of the project.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE  
ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF  
MULTIFAMILY HOUSING REVENUE BONDS FOR THE BELWOOD ARMS APARTMENTS

AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST  
CITY MANAGER