



Legislation Text

File #: 05-2912, **Version:** 1

Recommendation to adopt resolution authorizing the City's intent to issue Tax-Exempt Multifamily Mortgage Revenue Bonds in the amount of \$2.5 million for additional financing for the acquisition and construction of the Jamboree West Gateway Apartments; and

Authorize City Manager to execute all documents necessary to complete this transaction as indicated in the resolution. (District 1)

On November 16, 2004, the City Council adopted a Resolution authorizing the issuance, sale and delivery of Multifamily Mortgage Revenue Bonds for the Jamboree West Gateway Apartments in the amount of \$1 1,000,000. Subsequent to City Council action, bonds were issued on December 13, 2004. A copy of the City Council letter is attached for your information (Attachment A).

At the time the bonds were issued, the construction budget was based on 50% complete construction drawings and on the ability to convey the site to the developer so that construction could begin by March 15, 2005. The site has not been conveyed to the developer due to delays with acquisition, tenant relocation, and the relocation of a historic home from the site. Due to rising construction costs during this time, and higher construction bids based on 100% complete construction drawings, construction costs have risen and it is necessary to increase financing for the project by \$2.5 million.

To proceed with the additional bond issuance, it is necessary for the City Council to adopt the attached Resolution indicating the City's intent to issue Tax-Exempt Multifamily Mortgage Revenue Bonds for additional financing in the amount of \$2.5 million for the acquisition and construction of the Jamboree West Gateway Apartments.

Pursuant to current City policy and state law, on July 12, 2005, a TEFRA Hearing was conducted in the office of the City Treasurer regarding the potential issuance by the City of \$2.5 million in Multifamily Mortgage Revenue Bonds to provide additional financing for the project.

This letter was reviewed by Deputy City Attorney Everett Glenn and Budget Management Officer David Wodynski on June 30, 2005.

Council action is requested at the July 12, 2005 meeting in order to meet the July 21, 2005 California Debt Limit Allocation Committee application deadline.

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

Approve recommendation.

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[Respectfully Submitted,]