



CITY OF LONG BEACH

R-17

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 3rd Floor Long Beach, CA 90802 Phone: 562.570.6949 Fax: 562.570.6215

October 23, 2012

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 Community Development Authority (CSCDA) to benefit Palm Desert Development Company, Ramona Park Senior Apartments, in an amount not to exceed \$13,500,000. (District 9)

DISCUSSION

Palm Desert Development Company, founded in 1979, has requested the CSCDA to issue bonds on its behalf in an aggregate amount not to exceed \$13,500,000. 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 construction of a new affordable senior rental housing development at 3290 East Artesia Boulevard, which is referred to as Ramona Park Senior Apartments. The development provides housing for low- and very low-income seniors, and includes 60 apartment units and amenity space that are designed to provide opportunities for lifelong learning for the residents. The development will also include a pool, circuit training course, community center, kitchen, library, gym, computer lab, dining area, and entertainment areas.

The project is being financed with tax-exempt bond proceeds, low-income housing tax credits, deferred developer fee, a seller loan, 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.

HONORABLE MAYOR AND CITY COUNCIL

October 23, 2012

Page 2 of 3

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.

TIMING CONSIDERATIONS

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

FISCAL IMPACT

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 225 jobs during construction of the project.

HONORABLE MAYOR AND CITY COUNCIL
October 23, 2012
Page 3 of 3

SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

PHW.AKB.RMZ.PU
R:\CITY COUNCIL ITEMS\CITY COUNCIL 2012\OCTOBER\10-23-12 ccl - 2012 CSCDA RAMONA PARK APARTMENTS TEFRAV5.DOC
ATTACHMENT – CSCDA RAMONA PARK SENIOR APARTMENTS RESOLUTION

APPROVED:



PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, 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 RAMONA PARK
8 SENIOR 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, Long Beach Artesia, L.P., or related entities, has requested
19 that the Authority adopt a plan of financing providing for the issuance of multifamily
20 housing revenue bonds (the "Bonds") in one or more series issued from time to time,
21 including bonds issued to refund such revenue bonds in one or more series from time to
22 time, and at no time to exceed \$13,500,000 in outstanding aggregate principal amount, to
23 finance the acquisition, construction and development of a 60-unit senior multifamily
24 rental housing project located at 3290 East Artesia Boulevard, Long Beach, California,
25 generally known as Ramona Park Senior Apartments (the "Project") and operated by
26 Barker Management Inc.; 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

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Long Beach, CA 90802-4664

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 members of this City Council (this “City Council”) are the
8 applicable elected representatives of the City; and

9 WHEREAS, there has been published, at least 14 days prior to the date
10 hereof, in a newspaper of general circulation within the City, a notice that a public hearing
11 regarding the Bonds would be held on a date specified in such notice; and

12 WHEREAS, such public hearing was conducted on such date, at which time
13 an opportunity was provided to interested parties to present arguments both for and
14 against the issuance of the Bonds; and

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

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

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

- 25 Section 1. The above recitals are true and correct.
- 26 Section 2. The City Council hereby approves the issuance of the Bonds
27 and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council
28 that this resolution constitutes approval of the Bonds for the purposes of (a) Section

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1 147(f) of the Code and (b) Section 9 of the Agreement.

2 Section 3. The officers of the City are hereby authorized and directed,
3 jointly and severally, to do any and all things and to execute and deliver any and all
4 documents that they deem necessary or advisable in order to carry out, give effect to and
5 comply with the terms and intent of this resolution and the financing approved hereby.

6 Section 4. The City Clerk shall forward a certified copy of this Resolution
7 and a copy of the affidavit of publication of the hearing notice to:

8 Justin Cooper, Esq.
9 Orrick, Herrington & Sutcliffe LLP
10 405 Howard Street
San Francisco, California 94105

11 Section 5. This resolution shall take effect immediately upon its adoption
12 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

13 I hereby certify that the foregoing resolution was adopted by the City
14 Council of the City of Long Beach at its meeting of _____, 2012 by the
15 following vote:

16
17 Ayes: Councilmembers: _____
18 _____
19 _____
20 _____

21 Noes: Councilmembers: _____
22 _____

23 Absent: Councilmembers: _____
24 _____

25
26
27 _____
City Clerk