

CITY OF LONG BEACH

R-17

DEPARTMENT OF FINANCIAL MANAGEMENT

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

September 8, 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 Municipal Finance Authority (CMFA), to benefit a partnership to be formed by Abode Communities and American Gold Star Manor, a non-profit corporation, in an amount not to exceed \$60,000,000. (District 7)

DISCUSSION

Abode Communities (Abode) was developed in 1968, to carry out a goal of building sustainable multi-family affordable housing to address the needs of Southern California's large workforce, low-income families, seniors and individuals with special needs. Abode currently owns 34 properties that are home to more than 6,200 residents. Abode has requested that CMFA issue bonds on its behalf, in an aggregate amount not to exceed \$60,000,000. 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 Abode and American Gold Star Manor, a nonprofit corporation (AGSM), for the purpose of financing the acquisition and rehabilitation of 348 multi-family rental units, located at 3021 North Gold Star Drive, known as American Gold Star Manor (Project). The Project will be rehabilitated to improve major systems and living spaces, improve energy efficiency, common area amenities, resident services, and accessibility. Rent will also be restricted to households with incomes no greater than 60 percent of the area median income (AMI), although actual income targeting will be closer to 30 percent AMI, due to rental subsidies provided by the U.S. Department of Housing and Urban Development (HUD). The financing of this Project will result in the preservation of 337 affordable senior housing units for 55 years. Seven over-income units and four manager units will not be income-restricted. There will be no permanent tenant relocation. Revenues from the Project to be financed will be the source of funds to repay the tax-exempt debt.

The Project's affordability covenants are expiring, 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, Program 1.1, encourages providing financial and other assistance to preserve the affordability of at-risk housing units.

Abode and AGSM are proposing to preserve the Project's affordability through the acquisition and rehabilitation of the Project, and are also proposing a financing package that includes tax-exempt bond proceeds, low-income housing tax credits, a seller note, and HUD rental subsidies.

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 August 1, 2015. The TEFRA hearing was held on August 19, 2015, 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 received.

This matter was reviewed by Deputy City Attorney Richard Anthony on August 17, 2015 and by Budget Management Officer Victoria Bell on August 14, 2015.

TIMING CONSIDERATIONS

City Council action is requested on September 8, 2015, 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 50 jobs during the three-year rehabilitation phase.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

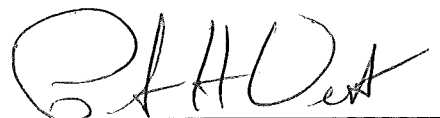


JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER

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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 AMERICAN GOLD STAR MANOR

WHEREAS, pursuant 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, Abode Communities ("Abode") has requested that the Authority issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$60,000,000 (the "Bonds"), and lend the proceeds of the Bonds to a partnership (the "Borrower") to be formed by Abode and American Gold Star Manor, a nonprofit corporation ("AGSM"), for the purpose of financing the costs of the acquisition and rehabilitation of a 348 unit multifamily residential rental facility known as American Gold

1 Star Manor located at 3021 North Gold Star Drive in the City (the "Project"), to be owned
2 by the Borrower and to be operated initially by AGSM; and

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

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

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

16 WHEREAS, notice of a public hearing for the proposed financing has been
17 duly given as required by the Code, and on August 19, 2015 the City Treasurer held the
18 public hearing at which all interested persons were given an opportunity to be heard on
19 all matters relative to the financing of the Project and the Authority's issuance of the
20 Bonds, and a summary of any oral or written testimony received at the public hearing has
21 been presented to the City Council for its consideration; and

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

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

26 Section 1. The City Council hereby approves the issuance of the Bonds by
27 the Authority for the purpose of providing funds to make a loan to the Borrower to enable
28 the Borrower to finance costs of the Project. It is the purpose and intent of the City Council

1 that this Resolution constitute approval of the issuance of the Bonds by the Authority for the
2 purposes of: (a) section 147(f) of the Code, by the applicable elected representative of the
3 governmental unit having jurisdiction over the area in which the Project is located, in
4 accordance with section 147(f) of the Code, and (b) Section 4 of the Agreement.

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

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

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

22 Section 5. This resolution shall take effect immediately upon its adoption
23 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
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664