

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-18

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570 -5836

November 10, 2009

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 New Hope Home, L.P. in an amount not to exceed \$9,000,000. (District 6)

DISCUSSION

New Hope Home, L.P., a California limited partnership and division of Barker Management, Incorporated (BMI), has requested the CSCDA to issue bonds on its behalf in an aggregate amount not to exceed \$9,000,000 to finance the acquisition and rehabilitation of New Hope Home, located at 1150 New York Street, Long Beach, CA.

The CSCDA will issue tax-exempt debt, which will be loaned to New Hope Home, L.P., in an amount not to exceed \$9,000,000. New Hope Home (the Project) is an existing 140-unit affordable senior rental housing complex. Although the Project is in relatively good physical condition, many areas need renovation and upgrading to prevent further deterioration.

CSCDA is a joint powers authority consisting of over 480 California cities, counties and special districts, including the City of Long Beach. BMI was formed 27 years ago with the concept of providing quality property management services to the affordable housing market. BMI began by managing federally-assisted housing and has expanded over the years to include conventional housing and commercial property developments. Its specialty, however, continues to be the management of affordable housing.

The Internal Revenue Service (IRS) Code requires that CSCDA seek approval from the City Council of the bonds issued, a portion of which will benefit facilities within the City. A TEFRA public hearing notification was published in the Press-Telegram on October 15, 2009. The TEFRA hearing was held on October 29, 2009 at 9:00 a.m. The public hearing, 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.

The City Council previously adopted a resolution approving the issuance of revenue bonds by CSCDA for this project on August 19, 2008. BMI was subsequently awarded a bond allocation and an allocation of 4 percent low-income housing tax credits, but the developer had to return the allocations due to the downturn in the financial markets, and the withdrawal of several important tax credit investors from the market. The market is now beginning to rebound as investors are returning to the market.

This matter was reviewed by Assistant City Attorney Heather A. Mahood on October 19, 2009 and Budget and Performance Management Bureau Manager David Wodynski on October 23, 2009.

TIMING CONSIDERATIONS

City Council action is requested on November 10, 2009 to facilitate CSCDA's forthcoming debt issuance.

FISCAL IMPACT

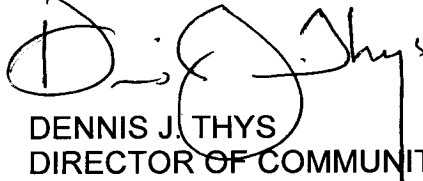
The proposed action has no fiscal impact on the City of Long Beach. The City has no financial obligation or liability associated with this financing. No City interest or taxing authority was pledged in support of this financing.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO


DENNIS J. THYS
DIRECTOR OF COMMUNITY DEVELOPMENT

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 NEW HOPE HOME

8
9 WHEREAS, the California Statewide Communities Development Authority
10 (the "Authority") is authorized pursuant to the provisions of California Government Code
11 Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of
12 Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local
13 agencies throughout the State of California, including the City of Long Beach (the "City"),
14 to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the
15 California Health and Safety Code for the purpose of financing multifamily rental housing
16 projects; and

17 WHEREAS, New Hope Home, L.P., a California limited partnership or
18 related entities, has requested that the Authority adopt a plan of financing providing for
19 the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series
20 issued from time to time, including bonds issued to refund such revenue bonds in one or
21 more series from time to time, and at no time to exceed \$9,000,000 in outstanding
22 aggregate principal amount, to finance the acquisition and rehabilitation of a 140-unit
23 senior multifamily rental housing project located at 1150 New York Street, Long Beach,
24 California, and generally known as New Hope Home (the "Project"); and

25 WHEREAS, the Bonds or a portion thereof will be "private activity bonds"
26 for purposes of the Internal Revenue Code of 1986 (the "Code"); and

27 WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance,
28 private activity bonds are required to be approved by the "applicable elected

1 representative” of the governmental units on whose behalf such bonds are expected to
2 be issued and by a governmental unit having jurisdiction over the entire area in which any
3 facility financed by such bonds is to be located, after a public hearing held following
4 reasonable public notice; and

5 WHEREAS, the members of this City Council (this “City Council”) are the
6 applicable elected representatives of the City; and

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

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

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

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

21 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
22 follows:

23 Section 1. The above recitals are true and correct.

24 Section 2. The City Council hereby approves the issuance of the Bonds
25 and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council
26 that this resolution constitutes approval of the Bonds for the purposes of (a) Section
27 147(f) of the Code and (b) Section 9 of the Agreement.

28 Section 3. The officers of the City are hereby authorized and directed,

1 jointly and severally, to do any and all things and to execute and deliver any and all
2 documents that they deem necessary or advisable in order to carry out, give effect to and
3 comply with the terms and intent of this resolution and the financing approved hereby.

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

6
7 Justin Cooper, Esq.
8 Orrick, Herrington & Sutcliffe LLP
9 405 Howard Street
10 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 November 10, 2009 by the following
15 vote:

16 Ayes: Councilmembers: _____

17 _____

18 _____

19 _____

20 Noes: Councilmembers: _____

21 _____

22 Absent: Councilmembers: _____

23 _____

24 _____

25
26 City Clerk

27
28
OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
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Long Beach, CA 90802-4664