



DATE: June 28, 2006

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **ADOPTION OF A RESOLUTION APPROVING THE ISSUANCE OF ADDITIONAL MULTIFAMILY HOUSING REVENUE BONDS BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY FOR LA MISION VILLAGE**

SYNOPSIS

Staff recommends that the City Council hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing for the issuance of additional tax-exempt multifamily housing revenue bonds to finance the development of the 80-unit La Mision Village affordable housing project, and adopt a resolution approving the issuance of the additional bonds by the California Statewide Communities Development Authority.

BACKGROUND

The City has received an additional request from the California Statewide Communities Development Authority (the "Authority") to conduct a public hearing as required by the Internal Revenue Code in order to issue up to \$2.725 million in additional tax-exempt revenue bonds (the "Bonds") on behalf of Oceanside Housing Partners, LP (the "Developer"). An initial TEFRA hearing for the project was conducted on February 8, 2006. At that time, the issuance of \$12.275 million in bonds was approved. Due to an unanticipated increase in construction costs additional bond financing is required. The additional bond issuance will result in a total aggregate amount not to exceed \$15 million. The Developer will use the proceeds of the Bonds for the development of an 80-unit multifamily housing project located at 3232 Mission Avenue (the "Project"). This source funding is one component of the Project's total financing plan which was previously approved by the City Council in 2005.

ANALYSIS

The Bonds will be tax-exempt private activity bonds for the purposes of the Internal Revenue Code and, as such, require the approval of the elected body of the governmental entity having jurisdiction over the area where the project to be financed is located. The City will not be under any obligation to repay the Bond indebtedness.

In order for the Authority to issue such Bonds, the City must: (1) conduct a public hearing allowing members of the public to comment on the proposed Project, and (2) approve of the Authority's issuance of Bonds on behalf of the proposed financing. Although the Authority (not the City) will be the issuer of the tax-exempt revenue bonds for the Project, the financing cannot proceed without the City, as the governmental entity having jurisdiction over the site, approving of the Authority's issuance of indebtedness.

The Authority is a California joint exercise of powers authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following), and is sponsored by the League of California Cities and the California State Association of Counties. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. With respect to the Authority, over 460 California cities, counties and special districts have entered into and executed the Agreement to become a member of the Authority. The Authority is authorized to assist in the financing of multifamily housing projects. The City of Oceanside is a member of the Authority.

FISCAL IMPACT

There is no direct or indirect financial impact to the City of Oceanside as a result of this proposed financing. The Authority will issue tax-exempt revenue bonds on behalf of the Project. The tax-exempt revenue bonds are payable solely out of the revenues derived by the Developer from the applicable Project. No financial obligations are placed on the City for project financing costs or debt repayment.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The resolution has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing for the issuance of additional tax-exempt multifamily housing revenue bonds to finance the construction of the 80-unit La Mision Village affordable housing project, and adopt a resolution approving the issuance of the additional bonds by the California Statewide Communities Development Authority.

PREPARED BY:



David L. Manley
Neighborhood Services Manager

SUBMITTED BY:



Barry Martin
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager



Margery Pierce, Director of Neighborhood Services



Attachment: Resolution

1 WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private
2 activity bonds are required to be approved by the “applicable elected representative” of the
3 governmental units on whose behalf such bonds are expected to be issued and by a
4 governmental unit having jurisdiction over the entire area in which any facility financed by
5 such bonds is to be located, after a public hearing held following reasonable public notice;

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

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

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

14 WHEREAS, it is intended that this resolution shall constitute the approval of the issuance
15 of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement.

16 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

17 1. The above recitals are true and correct.

18 2. The Council hereby approves the issuance of the Bonds by the Authority. It is the
19 purpose and intent of the Council that this resolution constitutes approval of the Bonds for the
20 purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

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

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