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DATE: August 20, 2014  
TO: Honorable Mayor and City Councilmembers  
FROM: Neighborhood Services Department  
SUBJECT: **ADOPTION OF A RESOLUTION APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE DEVELOPMENT OF MISSION COVE SENIORS APARTMENTS**

**SYNOPSIS**

Staff recommends that the City Council adopt a resolution approving the issuance, sale and delivery of multifamily rental housing bonds in an amount not to exceed \$20,000,000 to finance the development of the Mission Cove Seniors Apartments.

**BACKGROUND**

A Disposition and Development Agreement (DDA) for the Mission Cove Project was approved by the Council in August 2012. The DDA establishes that the Project will be developed in the following four phases:

- Phase A – Infrastructure (onsite/offsite improvements/mitigation)
- Phase B – Multifamily (90 units)
- Phase C – Senior/Special Needs (138 units)
- Phase D – Multifamily (60 units)

Mission Cove Seniors Housing Associates, L.P. (“Developer”), also known as Phase C, has requested that the City issue up to \$20 million of tax-exempt revenue bonds (“Bonds”) to finance the development of this Phase. The City will loan the proceeds of the Bonds to the Developer. This source of funding is one component of this Phase’s approximately \$25.5 million total Financing Plan. This Phase will provide units for low-income seniors, veterans, and special needs residents and will be developed in conjunction with the other proposed multifamily phases for the Mission Cove site.

To issue tax-exempt revenue bonds, the Internal Revenue Code requires the City Council to hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing in order to consider the issuance of tax-exempt multifamily housing revenue bonds, and adopt a resolution approving the issuance of bonds by the City.

PS 011117

## **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 City to issue such Bonds, the City at this time must: (1) conduct a public hearing allowing members of the public to comment on the proposed Project, and (2) approve a resolution authorizing the issuance of the Bonds.

The Developer will apply to the California Debt Limit Allocation Committee (CDLAC) for an allocation of the State's annual volume limit imposed by Federal tax law. Once an allocation for the project is received the City will be asked to approve the Bond documents and authorize the actual issuance of the Bonds. It is expected that this will occur in 2015.

## **FISCAL IMPACT**

There is no direct or indirect financial impact to the City of Oceanside as a result of this proposed financing. The City will issue tax-exempt revenue bonds for the Project. The tax-exempt revenue bonds are payable solely out of the revenues derived by the Developer from the Project. Neither the faith and credit nor the general taxing power of the City have been pledged to the payment of the bonds. Furthermore, the City does not have any obligation for the payment of the bonds in the case of default.

## **COMMISSION OR COMMITTEE REPORT**

Does not apply.

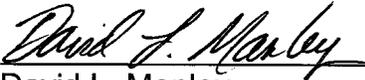
## **CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

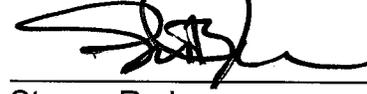
**RECOMMENDATION**

Staff recommends that the City Council adopt a resolution approving the issuance, sale and delivery of multifamily rental housing bonds in an amount not to exceed \$20,000,000 to finance the development of the Mission Cove Seniors Apartments.

PREPARED BY:

  
\_\_\_\_\_  
David L. Manley  
Neighborhood Services Division Manager

SUBMITTED BY:

  
\_\_\_\_\_  
Steven R. Jepsen  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager  
Margery M. Pierce, Neighborhood Services Director  
James R. Riley, Financial Services Director  
Michele Lund, Treasury Manager

  
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Attachment: Resolution

1 RESOLUTION NO. \_\_\_\_\_

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
3 OCEANSIDE, CALIFORNIA APPROVING THE ISSUANCE,  
4 SALE AND DELIVERY BY THE CITY OF OCEANSIDE OF  
5 MULTIFAMILY RENTAL HOUSING REVENUE BONDS FOR  
6 THE DEVELOPMENT OF THE MISSION COVE SENIORS  
7 APARTMENTS

8 WHEREAS, Mission Cove Seniors Housing Associates, LP (the "Owner"), has requested  
9 the City to assist the Owner, or a related entity, by providing financing for the development of a  
10 138-unit multifamily rental housing project known as the Mission Cove Seniors Apartments (the  
11 "Project") located along the 3200 block of Mission Avenue in the City of Oceanside, California  
12 by approving the issuance by the City of Oceanside (the "City") of multifamily housing revenue  
13 bonds (the "Bonds"); and

14 WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as  
15 amended (the "Code"), the Bonds are required to be approved, following a public hearing, by an  
16 elected representative or representatives of the governmental unit having jurisdiction over the  
17 area in which the Project is located; and

18 WHEREAS, the Project is located wholly within the geographic jurisdiction of the City;  
19 and

20 WHEREAS, the City Council is the elected legislative body of the City; and

21 WHEREAS, the City has caused a notice to appear in the San Diego Union Tribune,  
22 which is a newspaper of general circulation in the City, on August 10, 2014 to the effect that a  
23 public hearing would be held by the City Council on August 20, 2014, regarding the issuance of  
24 the Bonds by the Commission; and

25 WHEREAS, on August 20, 2014, the City Council held said public hearing, at which time  
26 an opportunity was provided to present arguments both for and against the issuance of the Bonds;

27 NOW, THEREFORE, BE IT RESOLVED, by the City council of the City of Oceanside,  
28 California, as follows:

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1 SECTION 1. The City Council does hereby find and declare that the above recitals are true and  
2 correct.

3 SECTION 2. Pursuant to Section 147(f) of the Code, the City Council hereby approves  
4 the issuance of the Bonds by the City in one or more series, in an aggregate principal amount not  
5 to exceed \$20,000,000 to finance the development of the Project. It is the purpose and intent of  
6 the City Council that this Resolution constitutes approval of the issuance of the Bonds by the  
7 applicable elected representative of the governmental unit having jurisdiction over the area in  
8 which the Project is located, in accordance with said Section 147(f).

9 SECTION 3. The City Council hereby confirms that it is appropriate for the City to issue  
10 the Bonds to finance the development of the Project.

11 SECTION 4. This Resolution shall take effect from and after its adoption.

12 PASSED AND ADOPTED by the City Council of the City of Oceanside, California this  
13 20<sup>th</sup> day of August, 2014, by the following vote:

14 AYES:

15 NOES:

16 ABSENT:

17 ABSTAIN:

18  
19 \_\_\_\_\_  
MAYOR

20 APPROVED AS TO FORM:

21 By: *David D. Hamilton, ASST.*  
22 CITY ATTORNEY

23 ATTEST:

24  
25 By: \_\_\_\_\_  
26 CITY CLERK

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