



DATE: September 10, 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.

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.

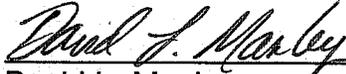
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATION

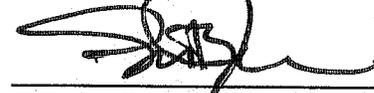
Staff recommends that the City Council adopt a resolution approving the issuance, sale and delivery of multifamily rental housing bonds in an amount not to exceed \$20,000,000 to finance the development of the Mission Cove Seniors Apartments.

PREPARED BY:



David L. Manley
Neighborhood Services Division Manager

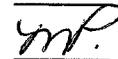
SUBMITTED BY:



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







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 26, 2014 to the effect that a
23 public hearing would be held by the City Council on September 10, 2014, regarding the issuance
24 of the Bonds by the Commission; and

25 WHEREAS, on September 10, 2014, the City Council held said public hearing, at which
26 time an opportunity was provided to present arguments both for and against the issuance of the
27 Bonds;

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

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

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

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

PASSED AND ADOPTED by the City Council of the City of Oceanside, California this 10th day of September, 2014, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

MAYOR

APPROVED AS TO FORM:

By: *Robert D. Hamilton, ASST.*
CITY ATTORNEY

ATTEST:

By: _____
CITY CLERK