



City of Huntington Beach

File #: 19-624

MEETING DATE: 6/3/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Lori Ann Farrell Harrison, Interim City Manager

PREPARED BY: Kellee Fritzal, Deputy Director of Economic Development

Subject:

Conduct a Tax and Equity Fiscal Responsibility Act ("TEFRA") public hearing and adopt Resolution No. 2019-40 approving the issuance by the California Statewide Communities Development Authority ("CSCDA") of Multifamily Housing Revenue Bonds in an amount not to exceed \$30,000,000 for Huntington Pointe Apartments, located at 18992 Florida St., with no City obligations

Statement of Issue:

The City Council is asked to conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") in connection with the proposed issuance of tax-exempt bonds by the California Statewide Communities Development Authority ("CSCDA") for Huntington Pointe, an existing 104-unit affordable multifamily housing rental project located at 18992 Florida Street (the "Project"), in an aggregate principal amount not to exceed \$30,000,000 (the "Bonds"). The Bond proceeds will be used for the purpose of enabling the Borrower to proceed with the acquisition, rehabilitation, improvement and equipping of the multifamily housing rental project.

Financial Impact:

There is no fiscal impact to the City. The Bonds will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Furthermore, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

Recommended Action:

- A) Conduct a public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended ("IRS Code"), in consideration of the issuance of tax-exempt bond financing by the California Statewide Communities Development Authority for the benefit of Huntington Pointe 2019 LP, to provide re-financing for the acquisition, rehabilitation, improvement, and equipping of an existing 104-unit multifamily rental housing project generally known as Huntington Pointe Apartments, and;

- B) Adopt Resolution No. 2019-40 "A Resolution of the City Council of the City of Huntington Beach approving the issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for Huntington Pointe Apartments."

Alternative Action(s):

Do not approve the Resolution and direct staff as necessary.

Analysis:

Huntington Pointe is an existing 104-unit affordable multifamily housing rental project located at 18992 Florida Street. In 2001, the City assisted in the acquisition and rehabilitation of the apartment complex to create affordable rental units. The owner of the property, Huntington Pointe 2019 LP has requested the City to authorize the issuances of the Bonds. In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Huntington Beach ("City") must conduct a public hearing (the "TEFRA Hearing") providing the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Adoption of the resolution is solely for the purposes of satisfying the requirements of TEFRA, the IRS Code and the California Government Code Section 6500. Prior to the TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project. A public notice was published on May 23, 2019.

CSCDA is a joint powers authority sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 530 members, including the City of Huntington Beach. CSCDA has issued more than \$60 billion through 1,600 plus financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

Environmental Status:

Not Applicable

Strategic Plan Goal:

Non-Applicable - Administrative Item

Attachment(s):

1. Resolution No. 2019- 40, "A Resolution of the City Council of the City of Huntington Beach Approving the issuance by the California Statewide Communities Development Authority of multifamily housing revenue bonds for Huntington Pointe Apartments"