



City of Huntington Beach

File #: 19-625

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. 2019-39 approving the issuance by the California Statewide Communities Development Authority ("CSCDA") of Multifamily Housing Revenue Bonds in an amount not to exceed \$28,000,000 for Hermosa Vista Apartments, located at 15363 & 15425 Goldenwest St., with no City obligations

Statement of Issue:

The City Council is asked to conduct a public hearing under the Tax and Equity Responsibility Act ("TEFRA") in connection with the proposed issuance of tax-exempt bonds by the California Statewide Communities Development Authority ("CSCDA") to issue Multifamily Housing Revenue Bonds for the Hermosa Vista Apartments, an existing 88-unit apartment complex located at 15363 & 15425 Goldenwest Street (the "Project"), in an aggregate amount no to exceed \$28,000,000 (the "Bonds"). The Bond proceeds will be used by the Borrower for the purpose of re-financing 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. Further, 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 Hermosa 2019 LP, to provide financing for the acquisition, rehabilitation, improvement, and equipping of an 88-unit multifamily rental housing project generally known as Hermosa Vista Apartments,

and;

- B) Adopt Resolution No. 2019-39 "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 Hermosa Vista Apartments."

Alternative Action(s):

Do not approve the issuance of the bonds and direct staff as necessary.

Analysis:

Hermosa Vista is an existing 88-unit affordable housing rental project. In 2003, the City assisted in the acquisition of the site, using Redevelopment Agency funds, HOME funds and tax credits. The owner, Hermosa 2019 LP, has requested the City to authorize the application for the tax-exempt bonds.

The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower, to enable the Borrower to re-finance the acquisition, rehabilitation, improvement and equipping of the housing rental project located at 15363 & 15425 Goldenwest Street (the "Project"), which will continued to be owned and operated by Hermosa 2019 LP.

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 the Tax Equity and Fiscal Responsibility Act (TEFRA), the IRS Code and the California Government Code Section 6500 (and following). Prior to such 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. 2019-39, "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 Hermosa Vista Apartments."