



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Treasurer-Tax Collector
Department No.: 065
For Agenda Of: 4/15/14
Placement: Departmental
Estimated Tme: 5 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Harry E. Hagen, CPA, CPFO, ACPFIM, Treasurer-Tax Collector
Director(s) 568-2490
Contact Info: Jennifer Christensen, JD MBA CPFO, Investment & Debt Officer
568-2925

SUBJECT: California Statewide Communities Development Authority Tax-Exempt Financing
On Behalf of Heritage II Apartments Project

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

Recommended Actions:

That the Board of Supervisors:

- a) Hold a public hearing and consider and adopt a resolution approving the issuance by the California Statewide Communities Development Authority of multifamily housing revenue bonds for the Heritage II Apartments in an amount not to exceed \$8,000,000; and
- b) Determine that the above actions are not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions are the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text: Federal law provides a process for entities to issue tax-exempt private activity bonds that are used to finance qualified residential rental projects, as defined in Section 142(d) of the Internal Revenue Code. The Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA), at Section 147(f) of the Internal Revenue Code, requires the legislative body of the local agency in which the project will be located to hold the TEFRA hearing in order for the bonds to be tax-exempt. The County has the limited

role of approving the financing, but is not a party to the issuance and assumes no liability by its approval.

The California Statewide Communities Development Authority (CSCDA), as the issuer of tax-exempt bonds for Heritage II Apartments, has requested that the Santa Barbara County Board of Supervisors hold the required TEFRA hearing.

The Project was originally reviewed by the DAC on April 22, 2013 and approved by the Board of Supervisors on May 14, 2013. The Project did not proceed with an application to the California Debt Limit Allocation Committee (“CDLAC”) in 2013 due to planning approvals that still had to be obtained. The Project received approval from the County Planning Commission on February 12, 2014 and is now prepared to submit an application to CDLAC on March 21, 2014. The 2013 TEFRA resolution will expire 1 year from approval on May 14, 2014; therefore, CSCDA has requested another hearing and approval from the County.

This item was again considered by the Santa Barbara County Debt Advisory Committee on March 21, 2014 and was approved for recommendation to the County Board of Supervisors.

Background:

The CSCDA is a Joint Powers Authority organized and existing under the laws of the State of California (specifically, California Government Code Section 6500), and is sponsored by the League of California Cities and the California State Association of Counties. Over 500 counties, cities, and special districts are members of the Authority, including the County of Santa Barbara. The sole purpose of the CSCDA is to finance projects that promote economic development through the issuance of bonds.

Heritage II, LP (the “Borrower”) has requested that the CSCDA serve as the issuer of multifamily housing revenue obligations in an aggregate principal amount not to exceed \$8,000,000 (the “Obligations”). The proceeds of the Obligations will enable the Borrower to finance the acquisition and construction of a residential rental facility located on Burton Mesa Blvd in unincorporated Santa Barbara County (the “Project”). The Project will provide the County with 80 units of affordable housing to seniors in the community. 100% of the units at the Project will be reserved for tenants whose incomes are at or below 50% and 60% of the Area Median Income level. The owners will record 55 year affordability covenants on the property.

In order for the Obligations to qualify as tax-exempt bonds, the project must meet certain affordability requirements as set forth in Section 142(d) of the Internal Revenue Code. Additionally, the County 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. 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.

Fiscal Analysis:

There is no financial impact to the County. CSCDA will act as issuer and perform all of the necessary legal and administrative responsibilities associated with the financing. The obligations will be the sole responsibility of Heritage II, LP. The County will have no financial or legal obligation for debt repayment or project financing costs.

Special Instructions:

Per the resolution, please send one signed original to Orrick, Herrington & Sutcliffe LLP.

Notice of public hearing has been completed per attached Proof of Publication.

Attachments:

1. Resolution approving the issuance by the California Statewide Communities Development Authority of multifamily housing revenue bonds for the Heritage II Apartments.
2. Proof of Publication In the Matter of Notice of Public Hearing.

Authored by:

Jennifer Christensen, Investment & Debt Officer, Office of the Treasurer-Tax Collector

cc:

Anne Rierson, Deputy County Counsel, Office of County Counsel
Julie Hagen, Chief Deputy Controller, Office of the Auditor-Controller