



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: 8/27/19
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, CPFA, CPFO, CFIP, CGIP, ACPFIM
Director(s) Treasurer – Tax Collector
(805) 568 – 2490
Contact Info: Kim Tesoro, CPA, CPFO, CFIP, CGIP
Assistant Treasurer-Tax Collector
(805) 568 – 2153

SUBJECT: Housing Authority of the County of Santa Barbara Financing of Tax-Exempt
Private Activity Bonds for Parkside Garden Apartments

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 in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) regarding the Housing Authority of the County of Santa Barbara’s plan to issue Private Activity Bonds, specifically multifamily housing revenue bonds (Bonds) for Parkside Garden Apartments, and consider public comment; and
- B) Adopt a resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance of multifamily housing revenue bonds for Parkside Garden Apartments by the Housing Authority of the County of Santa Barbara, in an amount not-to-exceed \$11,000,000; and
- C) Authorize and direct, jointly and severally, the officers of the County to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby; and
- D) Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

Federal law provides a process for a private entity to participate in tax-exempt financing under Section 147(f) of the Internal Revenue Code. In order for the bonds of such financing to be tax-exempt, TEFRA requires the legislative body of the local agency in which the project will be located hold a TEFRA hearing, following reasonable public notice, at which time the public shall be provided an opportunity to present arguments for or against the issuance of the bonds. Thereafter, TEFRA requires that such legislative body and the “applicable elected representative” of the governmental unit that issues such bonds, or on whose behalf such bonds are expected to be issued, approve the issuance of such bonds.

The Board of Supervisors is the legislative body having jurisdiction over the County, the location of the property, and also acts as the “applicable elected representative” of the Housing Authority, acting as issuer of the proposed tax-exempt bonds. Therefore, in order to provide for the issuance of such tax-exempt bonds at more favorable rates than conventional (taxable) financing and to facilitate the public benefits associated with the project, the Housing Authority requests that the Board (1) hold a public hearing and (2) adopt a resolution approving the financing to be undertaken through Housing Authority. 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.

This item was previously approved by the County Board of Supervisors on March 5, 2019 for an amount not-to-exceed \$8,000,000. The project’s property acquisition costs have increased by \$1,100,000 and construction costs have increased by \$1,200,000 due to a fire suppression system, a gas-line change, drought tolerant landscaping, and a complete replacement of the irrigation system. The Housing Authority is now requesting the Board to adopt a resolution approving the issuance of multifamily housing revenue bonds for the project in an amount not-to-exceed \$11,000,000.

The Santa Barbara County Debt Advisory Committee considered this item on August 8, 2019 and approved it for recommendation to the County Board of Supervisors.

Background:

The Housing Authority provided the following information regarding the project:

Parkside Garden Apartments is located in District 4 at 240 West Pine Street, Lompoc, Santa Barbara County, California 93436. The property was acquired by the Housing Authority from the original developer in 2005. The construction of this property was completed in 1987. The property consists of 7 one & two-story garden-style buildings and a single-story community building. There are 48 housing units with 1 resident manager unit. 47 non-manager units are restricted to households with incomes at or below sixty percent 60% of the area median income (AMI). The property offers one and two-bedroom units.

The Housing Authority will place the property under the ownership of Parkside Gardens Apartments LP, a limited partnership (Borrower) for the purpose of (i) financing the acquisition and rehabilitation of the property with tax-exempt multi-family housing revenue bonds and 4% Low-Income Housing Tax Credits and (ii) assuring that it will remain affordable to low-income households into the future. An application will be made to the California Debt Limit Allocation Committee and the California Tax Credit Allocation Committee respectively.

The Borrower will request that the Housing Authority serve as issuer of tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed \$11,000,000. The proceeds of these bonds will enable the Borrower to finance the acquisition and rehabilitation of the residential rental facility described above. The project will preserve the affordability of this 48 unit complex. As defined in Section 142(d) of the Internal Revenue Code, this project will meet the “40% at 60%” affordability requirement. At least 40% of the residential units in the project will be occupied by individuals whose income is 60% or less of area median gross income as calculated in the manner prescribed under Section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination). The Borrower will record 55 year affordability covenants on the property.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

The bond issuance is the sole responsibility of the Borrower and the County has no contractual, financial, legal, or moral obligation for the repayment of these bonds.

The Housing Authority will act as the issuer and perform all of the necessary legal and administrative responsibilities associated with the financing, and is responsible for all debt service payments. This financing does not affect the credit rating of the County.

Special Instructions:

Please return one signed original resolution to the Treasurer – Tax Collector, Attention: Kim Tesoro.

Attachments:

- A. Resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance of multifamily housing revenue bonds for Parkside Garden Apartments by the Housing Authority of the County of Santa Barbara

Authored by:

Kim Tesoro, Assistant Treasurer-Tax Collector, x2153