



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:** 3/5/19  
**Placement:** Departmental  
**Estimated Tme:** 5 Minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**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 On Behalf of West Cox Apartments

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**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 West Cox 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 West Cox Apartments by the Housing Authority of the County of Santa Barbara, in an amount not-to-exceed \$6,000,000; 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 considered by the Santa Barbara County Debt Advisory Committee on January 22, 2019 and was approved for recommendation to the County Board of Supervisors.

**Background:**

The Housing Authority provided the following information regarding the project:

West Cox Apartments is located in District 5 at 1141 West Cox Lane, Santa Maria, Santa Barbara County, California 93458. There is currently an existing 3,000-square foot residence and 2,300 square feet of other structures such as garages, sheds, storage facilities, and two workers’ quarters, all of which will be removed by the current owner. The site will be clean when the Housing Authority closes escrow. A block wall surrounds the project site, with a gated opening at the driveway along West Cox Lane, and an emergency access gate at the northeastern corner on North DeJoy Street.

Entitlements include a general plan amendment, re-zone, a planned development permit, architectural review and processing, and density bonus, which includes requested concessions for a parking reduction.

The dwelling units have all been designed to comply with the accessibility requirements in CBC Chapter 11A. The accessibility features of the units as well as public areas have been designed to comply with the accessibility requirements of CBC Chapter 11B.

There will be 30 housing units in 16 buildings, with 1 unit for a resident manager. 15 buildings for the 30 residential units and 1 community room building. The 29 non-manager residential units will be restricted to households at or below sixty percent (60%) of the area median income (AMI). The property will offer one-bedroom, one-bathroom units.

The Housing Authority will acquire the land in late February 2019. The Housing Authority will place the property under the ownership of West Cox Apartments, LP, a limited partnership (Borrower) for the purpose of (i) financing the new construction development 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 \$6,000,000. The proceeds of these bonds will enable the Borrower to finance the new construction development of the residential rental facility described above. The project will ensure the affordability of this 30 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 West Cox Apartments by the Housing Authority of the County of Santa Barbara

**Authored by:**

Kim Tesoro, Assistant Treasurer-Tax Collector, x2153