



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:** County Executive  
Office  
**Department No.:** 012  
**For Agenda Of:** June 20, 2017  
**Placement:** Departmental  
**Estimated Time:** 5 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Contact Info: Mona Miyasato, County Executive Officer, 805-568-3400  
Dennis Bozanich, Deputy County Executive Officer, 805-568-3400

**SUBJECT:** California Enterprise Development Authority Financing of Tax-Exempt Private Activity Bonds on Behalf of Santa Barbara Student Housing

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Debt Advisory

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act ("TEFRA") regarding the issuance, not to exceed \$6,000,000, of California Enterprise Development Authority (CEDA) Revenue Obligations (the "Santa Barbara Student Housing Obligations") for the benefit of Santa Barbara Student Housing, a California nonprofit public benefit corporation for the purpose of financing and refinancing the costs of acquisition, construction, installation, rehabilitation, equipping and furnishing of the student housing facilities located at 6612 El Sueno Road, 6719 Sabado Tarde, 732 Embarcadero Del Norte, 6503 Madrid Road and 777 Camino Pescadero, in the Isla Vista community of Santa Barbara County, California 93117, and 721 West Victoria Street, Santa Barbara, California 93101 and to pay certain costs of issuance in connection with the financing; and
- B. Adopt a resolution approving the issuance by the California Enterprise Development Authority of its Revenue Obligations for the benefit of Santa Barbara Student Housing in an aggregate amount not to exceed \$6,000,000 for the purpose of financing and refinancing the cost of the acquisition, construction, rehabilitation, equipping and furnishing of certain property, providing the terms and conditions for such obligations and other matters relating thereto; and
- C. 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 qualified 501(c)(3) organization to participate in a tax-exempt financing under Section 147(f) of the Internal Revenue Code. 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 Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA), 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 California Enterprise Development Authority (CEDA), as the issuer of tax-exempt bonds for Santa Barbara Student Housing, has requested that the Santa Barbara County Board of Supervisors hold the required TEFRA hearing.

Santa Barbara Student Housing is a 501(c)(3) organization and will use the proceeds for capital improvements of student housing facilities located at 6612 El Sueno Road, 6719 Sabado Tarde, 732 Embarcadero Del Norte, 6503 Madrid Road and 777 Camino Pescadero, in the Isla Vista community of Santa Barbara County, California 93117, and 721 West Victoria Street, Santa Barbara, California 93101.

This item was considered by the Santa Barbara County Debt Advisory Committee on June 15, 2017 and was approved for recommendation to the County Board of Supervisors.

**Background:**

The California Enterprise Development Authority (CEDA) is a joint powers authority (JPA) established by the California Association for Local Economic Development (CALED) whose purpose is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions. Federal and state laws provide the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue tax-exempt and taxable bonds to fund projects that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members. All cities and counties in California have the ability to act as an issuer of conduit revenue bonds, but many jurisdictions utilize joint powers authorities primarily for economies of scale, to access specialized transaction knowledge and resources, and to avoid using valuable local staff time on these types of transactions.

CEDA is a joint powers authority created by the cities of Selma, Lancaster and Eureka. There are more than 175 additional cities and counties who are associate members of CEDA, including the counties of Alameda, Imperial, Marin, Placer, Riverside, Sacramento, San Bernardino, Santa Clara, San Diego, San Francisco, Stanislaus, Sonoma, Ventura and Yolo. Pursuant to Resolution No. 10-288, adopted on October 26, 2010, the County of Santa Barbara became an associate member of CEDA. CEDA's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by CALED to its members.

Federal law requires a public hearing before the Board of Supervisors prior to any bond issuance by CEDA for projects under the County's jurisdiction in order for the bonds to be tax exempt. If the Board of Supervisors does not approve the project, CEDA cannot issue bonds.

**SANTA BARBARA STUDENT HOUSING**

Santa Barbara Student Housing provides low-rent, cooperative housing for students, staff, and faculty of the University of California at Santa Barbara. Residents are considered regardless of gender, race, social, political, or religious affiliation. Diversity is encouraged and serves as a tool to develop understanding of others and to

eliminate prejudice and discrimination. Santa Barbara Student Housing strives to engage in continuous educational programs that further the principles of cooperation through cost-effective mutual, self-help living.

Santa Barbara Student Housing was started in 1976 by a group of students at UCSB who were concerned about housing rates and slum conditions in Isla Vista. The students decided to form a cooperative to master lease buildings, thereby lowering rates and giving members greater control over the quality of the housing. The organization was incorporated as the University Students' Rochdale Housing Project (USRHP), named after the Rochdale Co-op in England, which is recognized as the first successful modern consumer cooperative.

USHRP opened its first leased building in the fall of 1977 at 6520 Cervantes. The building had 31 one-bedroom apartments for 61 members. The second master leased building was at 6503 Madrid. By the fall of 1980, the USHRP had master leased seven buildings and housed nearly 200 members. In 1981, USHRP reached a major milestone – the purchase of 6503 Madrid, which was previously master leased.

During the early 1980's USHRP continued its strategy of expansion through master leasing, eventually housing 480 university students and staff. USHRP's own staff grew to accommodate a range of activities from building maintenance to member education. In 1984, USHRP purchased its second building, the Manley House located at 732 Embarcadero Del Norte. In the mid-1980's, USHRP made a decision to cease master-leasing activities, and operated only the two buildings it owned: Newman and Manley.

In 1991, the organization's name was changed to Santa Barbara Student Housing to be more descriptive of its activities and to emphasize its relationship with the UCSB campus. In 1994 Santa Barbara Student Housing acquired Dashain House located at 6719 Sabado Tarde. As a themed vegetarian house, Dashain was the first building to have its own meal plan. In 1997, the organization bought Biko House located at 6612 Sueno Road. In 2010, the organization acquired Merton House located at 777 Camino Pescadero. Santa Barbara Student Housing is currently in the process of acquiring the property located at 721 West Victoria Street. With the additional property, Santa Barbara Student Housing will have a total of 100 low-rent beds available to students and faculty in Santa Barbara.

CEDA will loan the proceeds of the Santa Barbara Student Housing Obligations to Santa Barbara Student Housing to:

- i. Finance and refinance the costs of acquisition, construction, installation, rehabilitation, equipping and furnishing of the student housing facilities located at 6612 Sueno Road, 6719 Sabado Tarde, 732 Embarcadero Del Norte, 6503 Madrid Road and 777 Camino Pescadero, in the Isla Vista community of Santa Barbara County, California 93117, and 721 West Victoria Street, Santa Barbara, California 93101 (collectively, the "Santa Barbara Student Housing Facilities"), and
- ii. pay certain costs of issuance in connection with the financing.

Because the Santa Barbara Student Housing Facilities are located within the County's jurisdiction and interest on the Santa Barbara Student Housing Obligations may be tax-exempt, a public hearing and the approval of the Santa Barbara Student Housing Obligations by the Board of Supervisors is required by the Internal Revenue Code of 1986.

**Performance Measure:** None

**Contract Renewals and Performance Outcomes:** None

**Fiscal and Facilities Impacts:**

Budgeted: Not Applicable

**Fiscal Analysis:**

**Narrative:**

There is no financial impact to the County. CEDA will act as issuer and perform all of the necessary legal and administrative responsibilities associated with the financings. The Santa Barbara Student Housing Obligations are special, limited obligations of CEDA payable solely through the repayment of the loans from CEDA which repayment is used to pay the principal of and interest on the Santa Barbara Student Housing Obligations. The Santa Barbara Student Housing Obligations issued by CEDA are not an obligation of the County or any member of CEDA. Neither the faith or credit, nor the taxing power of the County, any member of the Authority, the State or any political subdivision is pledged to the repayment of the Santa Barbara Student Housing Obligations.

**Key Contract Risks:** Not Applicable

**Staffing Impacts:** Not Applicable

**Legal Positions:**

**FTEs:**

**Special Instructions:** Provide Dennis Bozanich, Deputy County Executive Officer, with three copies of the signed resolution.

**Attachments:**

Attachment A: Resolution

Attachment B: Hearing Notice and Proof of Publication

**Authored by:** Dennis Bozanich, Deputy County Executive Officer, 805-568-3400