



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: 2/6/18
Placement: Departmental
Estimated Tme: 10 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Harry E. Hagen, CPA, CPFO, ACPFIM, CFIP, Treasurer – Tax
Director(s) Collector
(805) 568 – 2490
Contact Info: Jennifer Christensen, JD MBA CPFO CFIP, Chief Investment Officer
(805) 568 – 2925

SUBJECT: Issuance of Bonds by the Housing Authority of the County of Santa Barbara (Housing Authority) for Financing the New Construction development of The Residences at Depot Street, consisting of 80 Units of Affordable Multifamily Housing for Individuals and Families with special needs in the County of Santa Barbara (County)

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 The Residences at Depot Street, 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 The Residences at Depot Street by the Housing Authority of the County of Santa Barbara, in an amount not-to-exceed \$25,000,000. It is the purpose and intent of the Board of Supervisors that this resolution constitute approval of the Bonds for the purposes of Section 147(f) of the Code; 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 for The Residences at Depot Street are not approvals of a project subject to environmental review 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 such as the Borrower 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, 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 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 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 (upon at least 14 days prior notice published in a newspaper of general circulation within its jurisdiction) and (2) adopt an approving resolution approving the financing to be undertaken through Housing Authority.

This item was considered by the Santa Barbara County Debt Advisory Committee on January 8, 2018 and was approved for recommendation to the County Board of Supervisors.

Background:

The Residences at Depot Street is located in District 5 at 301 North Depot Street, Santa Maria, Santa Barbara County, California 93458. The development site was prepared for development by the previous owner, which included demolition of existing structures. The Housing Authority has readied the site for construction by remediating contaminated soils. The Housing Authority has secured a No Further Action Letter from Santa Barbara County Environmental Health Services, clearing the site for residential development. A copy of the No Further Action Letter dated August 29, 2017 is attached. There will be 80 housing units in 2 buildings, with 2 units for resident managers/caretakers. 78 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 studios, one, two, and three-bedroom units.

The Housing Authority acquired the land on February 23, 2017. The Housing Authority will place the property under the ownership of The Residences at Depot Street, 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 \$25,000,000. 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 80 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 two signed original resolutions to the Treasurer – Tax Collector, Attention: Jennifer Christensen.

Attachments:

1. Resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance of multifamily housing revenue bonds for The Residences at Depot Street by the Housing Authority of the County of Santa Barbara
2. Proof of Publication
3. No Further Action Letter

Authored by:

Jennifer Christensen, Chief Investment Officer, Office of the Treasurer – Tax Collector