



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:** Community Services  
**Department No.:** 057  
**For Agenda Of:** July 21, 2015  
**Placement:** Set Hearing (Departmental  
Hearing 8/25/15)  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Laurie Baker, Grants and Program Manager (805) 568-3521  
**SUBJECT:** Set a hearing regarding the issuance by the Housing Authority of the County of Santa Barbara of Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Positano Apartments. (District 2)

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors, on July 21, 2015, set a hearing for August 25, 2015 to consider the issuance of tax-exempt multifamily housing revenue bonds by the Housing Authority of the County of Santa Barbara.

On August 25, your Board would consider the following:

- 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 Positano Apartments, and consider public comment; and
- b) Adopt a Resolution approving the issuance by the Housing Authority of the County of Santa Barbara of multifamily housing revenue bonds for Positano Apartments, in an amount not-to-exceed \$22,000,000 (Attachment A). 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 existing Positano Apartments are not approvals of a project subject to environmental review under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption (Attachment B).

**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. In order for the Bonds to be tax-exempt, 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 public jurisdiction in which the project will be located to hold the TEFRA hearing. 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 Housing Authority of the County of Santa Barbara (“Housing Authority”) is authorized and empowered by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “Act”) to issue revenue bonds for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing projects.

The Housing Authority of the County of Santa Barbara (“Housing Authority”) intends to finance the acquisition and rehabilitation of Positano Apartments, at 11 Camino De Vida, in unincorporated Santa Barbara County, with tax exempt multifamily Private Activity Revenue Bonds and 4% Low Income Housing Tax Credits. The Housing Authority will pursue this financing plan by placing the property under the ownership of a limited partnership to be formed in the coming months, and will thereby preserve the affordability and quality of the housing units for low-income households into the future.

The County previously held a TEFRA hearing and approved the issuance of bonds for Positano Apartments on November 5, 2013. The Housing Authority initially exercised its option to purchase the property on September 18, 2013 and moved forward with the plan to issue multi-family tax-exempt bonds to fund the acquisition and rehabilitation of the property, and transfer it into a new limited partnership. However, the current owner and the Housing Authority did not come to an agreement on the appraised value of the property and the bonds were not issued within the one-year time period allowed under the TEFRA. A new appraisal was recently completed and the Housing Authority is pursuing bond financing to acquire and rehabilitate the property, which requires that the County hold a new TEFRA hearing.

The Community Services Department’s (CSD) Division of Housing and Community Development (HCD) will present the Housing Authority’s financing plan to the County’s Debt Advisory Committee (DAC) on July 29, 2015. The DAC recommendation will be included in the Departmental Board Letter along with all the attachments for the August 25<sup>th</sup> Board of Supervisors meeting that will serve as the TEFRA Hearing.

The County will have no legal, financial or any other obligation or responsibility with respect to the repayment of the Bonds. These actions will also not create any relationship, legal or otherwise, between the County and the Housing Authority.

Set a Hearing regarding the issuance by the Housing Authority of the County of Santa Barbara of Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Positano Apartments.

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**Special Instructions:**

- The Housing Authority's bond counsel will publish a public notice in a general circulation newspaper on August 11, 2015 to comply with the public notice requirement of TEFRA. HCD will provide a copy of the public notice and proof of publication to COB.