



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: 2/9/21
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 Central Plaza 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 for The Central Plaza Apartments, and consider public comment; and
- B) Adopt a Resolution approving the issuance of multifamily housing revenue bonds for Central Plaza Apartments by the Housing Authority of the County of Santa Barbara, in an amount not-to-exceed \$35,000,000 (Attachment A); 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 such as the Housing Authority 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 to 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 private activity bonds for Central Plaza Apartments. 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 an approving resolution approving the financing to be undertaken through the 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.

The Santa Barbara County Debt Advisory Committee considered this item on July 2, 2020 and approved it for recommendation to the County Board of Supervisors.

Background:

The Housing Authority provided the following information regarding the project:

Central Plaza Apartments is located in District 5 at 200 N. McClelland, Santa Maria, Santa Barbara County, California 93454. The property was acquired back in 2005 by Surf Development Company (SURF) with the assistance of the Housing Authority and put into a limited partnership, Central Plaza Housing Partners, L.P. The limited partnership allows for the low-income housing tax credits to flow through to the investor as the limited partner. The property consists of 14 two-story garden-style buildings, a single-story laundry/manager office building and a single-story community building. There are 112 housing units that are restricted to households with incomes at or below sixty percent (60%) of the area median income (AMI). The property offers one, two, and three-bedroom units which will, upon acquisition, be restricted to low-income households earning 50% to 60% of AMI.

On March 18, 2020 SURF executed its option to purchase the property from the Owner, Central Plaza Housing Partner, L.P. The transfer to the Housing Authority occurred on September 18, 2020. The Housing Authority will place the property under the ownership of a future limited partnership for the purpose of financing the acquisition and rehabilitation with tax-exempt multi-family housing bonds and 4% Low-Income Housing Tax Credits. This will ensure that the property will remain affordable to low-income households well 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 be this future limited partnership to be formed and the loan will be non-recourse debt.

The future limited partnership will request that the Housing Authority serve as issuer of multifamily housing revenue bonds in an aggregate principal amount not to exceed \$35,000,000. 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 112-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. The owners will record 55-year affordability covenants on the property.

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.

The following information on the project sources and uses was provided by the Housing Authority:

SOURCES & USES
Central Plaza Apartments - Santa Maria

Units: 112
Square Feet: 108,889
Cost per Sq/Ft: \$155.79

CONSTRUCTION PHASE	PERMANENT PHASE																																																								
<p>Uses of Funds</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Land Cost/Acquisition (including Demo)</td> <td style="text-align: right;">\$ 23,200,000</td> </tr> <tr> <td>Construction</td> <td style="text-align: right;">14,982,160</td> </tr> <tr> <td>Contractor Fees</td> <td style="text-align: right;">1,981,600</td> </tr> <tr> <td>Financing Costs</td> <td style="text-align: right;">2,107,760</td> </tr> <tr> <td>Soft Costs</td> <td style="text-align: right;">1,575,670</td> </tr> <tr> <td>Reserves</td> <td style="text-align: right;">2,062,767</td> </tr> <tr> <td>Developer Fee</td> <td style="text-align: right;">5,472,738</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 51,382,695</td> </tr> </table> <p>Sources of Funds</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Construction Loan</td> <td style="text-align: right;">\$ 31,193,018</td> </tr> <tr> <td>Tax Credit Equity-LIHTC (Federal)</td> <td style="text-align: right;">3,048,002</td> </tr> <tr> <td>Seller Carryback Loan</td> <td style="text-align: right;">11,500,000</td> </tr> <tr> <td>Developer Equity</td> <td style="text-align: right;">818,600</td> </tr> <tr> <td>Deferred Developer Fee</td> <td style="text-align: right;">4,823,075</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 51,382,695</td> </tr> </table>	Land Cost/Acquisition (including Demo)	\$ 23,200,000	Construction	14,982,160	Contractor Fees	1,981,600	Financing Costs	2,107,760	Soft Costs	1,575,670	Reserves	2,062,767	Developer Fee	5,472,738		\$ 51,382,695	Construction Loan	\$ 31,193,018	Tax Credit Equity-LIHTC (Federal)	3,048,002	Seller Carryback Loan	11,500,000	Developer Equity	818,600	Deferred Developer Fee	4,823,075		\$ 51,382,695	<p>Uses of Funds</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Land Cost/Acquisition</td> <td style="text-align: right;">\$ 23,200,000</td> </tr> <tr> <td>Construction</td> <td style="text-align: right;">14,982,160</td> </tr> <tr> <td>Contractor Fees</td> <td style="text-align: right;">1,981,600</td> </tr> <tr> <td>Financing Costs</td> <td style="text-align: right;">2,107,760</td> </tr> <tr> <td>Soft Costs</td> <td style="text-align: right;">1,575,670</td> </tr> <tr> <td>Reserves</td> <td style="text-align: right;">2,062,767</td> </tr> <tr> <td>Developer Fee</td> <td style="text-align: right;">5,472,738</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 51,382,695</td> </tr> </table> <p>Sources of Funds</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Permanent Loan</td> <td style="text-align: right;">\$ 20,950,000</td> </tr> <tr> <td>Tax Credit Equity-LIHTC (Federal)</td> <td style="text-align: right;">15,240,011</td> </tr> <tr> <td>Seller Carryback Loan</td> <td style="text-align: right;">11,500,000</td> </tr> <tr> <td>Developer Equity</td> <td style="text-align: right;">818,600</td> </tr> <tr> <td>Deferred Developer Fee</td> <td style="text-align: right;">2,874,084</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 51,382,695</td> </tr> </table>	Land Cost/Acquisition	\$ 23,200,000	Construction	14,982,160	Contractor Fees	1,981,600	Financing Costs	2,107,760	Soft Costs	1,575,670	Reserves	2,062,767	Developer Fee	5,472,738		\$ 51,382,695	Permanent Loan	\$ 20,950,000	Tax Credit Equity-LIHTC (Federal)	15,240,011	Seller Carryback Loan	11,500,000	Developer Equity	818,600	Deferred Developer Fee	2,874,084		\$ 51,382,695
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Special Instructions:

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

Attachments:

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

Authored by:

LeAnne Hagerty, Treasury Finance Chief - Office of the Treasurer – Tax Collector, x82498