



Legislation Details (With Text)

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Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of revenue refunding bonds by California Statewide Communities Development Authority (“CSCDA”) for the purpose of financing the acquisition and rehabilitation of El Cazador Apartments by Redwood Housing Partners.
1. ***RESOLUTION - Approving a tax-exempt bond financing to be issued by CSCDA to benefit El Cazador Apartments in the aggregate principal amount not to exceed \$15 million
Sponsors: Finance Department
Indexes:
Code sections:
Attachments: 1. Resolution - El Cazador Apts.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 5/12/2016 | 1 | City Council | approved | Pass |

REPORT TO THE CITY COUNCIL

May 12, 2016

FROM: MICHAEL LIMA, Finance Director/City Controller
Finance Department

BY: KAREN M. BRADLEY, Assistant Finance Director/City Controller
Finance Department

SUBJECT

TEFRA HEARING - To hear and consider information concerning the proposed issuance of revenue refunding bonds by California Statewide Communities Development Authority (“CSCDA”) for the purpose of financing the acquisition and rehabilitation of El Cazador Apartments by Redwood Housing Partners.
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RECOMMENDATION

Staff recommends that the Council first hold a Tax Equity and Financial Responsibility Act (“TEFRA”) public hearing and then, upon conclusion, adopt the accompanying Resolution approving the issuance of the Revenue Refunding Bonds by the CSCDA on behalf of Redwood Housing Partners

(the “Applicant”) in the aggregate principal amount not to exceed \$15 million.

EXECUTIVE SUMMARY

The Applicant is seeking to obtain financing for the acquisition and rehabilitation of El Cazador Apartments located in Fresno. The new tax exempt obligations will be issued by CSCDA. As an associate member of CSCDA and a jurisdiction in which some of the facilities are located, the Council must hold a public hearing under the provisions of the TEFRA within the Internal Revenue Code to receive any public testimony regarding the project before it considers authorizing CSCDA to issue bonds for this purpose. Other jurisdictions in which facilities are located will be required to do the same.

Should the City authorize the issuance of bonds, the City would have no obligation or liability associated with this facility or with these bonds.

BACKGROUND

The City has received a request by the Applicant to hold a public hearing regarding a proposed issuance of Revenue Refunding Bonds (the “Bonds”) for the purpose of financing the acquisition and rehabilitation of El Cazador Apartments, located at 4851 North Cedar Avenue, in an amount not to exceed \$15 million. Upon conclusion of the public hearing, the City is then requested to authorize CSCDA to proceed with the issuance of the Bonds.

CSCDA is a joint exercise of powers authority sponsored by the League of California Cities and California State Association of Counties comprised of over 500 California cities, counties and special districts, including the City of Fresno. CSCDA, pursuant to its Amended and Restated Joint Exercise of Powers Agreement, is authorized to assist in the financing of facilities for multifamily housing projects. In order to initiate such a financing, the member participant of CSCDA in which the proposed facilities are located must (1) conduct a public hearing and (2) approve CSCDA issuance of indebtedness. Therefore, although CSCDA will be the issuer of the tax-exempt obligations for the Applicant, the financing cannot proceed without the City of Fresno's approval of the financings.

Section 147(f) of the Internal Revenue Code requires all local legislative bodies (the Council of the City of Fresno is the legislative body) to hold this hearing before it considers authorizing the issuance of such bonds. The attached resolution, if approved by the Council, will provide authorization to the CSCDA to issue tax-exempt obligations on behalf of the Applicant in an amount not to exceed \$15 million. No written testimony regarding this proposed bond issuance has been received as of this date.

ENVIRONMENTAL FINDINGS

This item is not a project of the City of Fresno and as such, for purposes of this hearing, the California Environmental Quality Act requirements are not applicable.

LOCAL PREFERENCE

Local preference was not considered because this resolution does not include a bid or award of a construction or service contract.

FISCAL IMPACT

The City has no obligation or liability associated with this financing. The Bonds will not constitute an indebtedness or obligation of, and will not involve a pledge of the good faith and credit of the City. The Bonds will be limited obligations of CSCDA payable only from loan repayments to be made to CSCDA from certain funds and accounts established by or pursuant to the bond indenture(s) under which the Bonds will be issued. While CSCDA has no taxing power, the issuance of the Bonds will not obligate the State of California or any political subdivision of the State to levy or pledge any form of taxation for the Bonds or to make any appropriation for the payment of the Bonds.

Attachment:
Resolution