



Legislation Details (With Text)

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Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of Revenue Bonds by California Affordable Housing Agency (the "Agency") for the purpose of financing the acquisition, rehabilitation, improvement and equipping of King's View Estates by DHI King's View Associates, LP, and certain other matters relating thereto
1. ***RESOLUTION - Approving a tax-exempt bond financing to be issued by the Agency to benefit King's View Estates in the aggregate principal amount not to exceed \$9.25 million

Sponsors: Finance Department

Indexes:

Code sections:

Attachments: 1. Kings View Estates Resolution.pdf

Date	Ver.	Action By	Action	Result
11/3/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 3, 2016

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

BY: PHILLIP HARDCASTLE, Principal Accountant - Debt Administration
Finance Department

SUBJECT

TEFRA HEARING - To hear and consider information concerning the proposed issuance of Revenue Bonds by California Affordable Housing Agency (the "Agency") for the purpose of financing the acquisition, rehabilitation, improvement and equipping of King's View Estates by DHI King's View Associates, LP, and certain other matters relating thereto
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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 Bonds by the Agency on behalf of DHI King's View Associates, LP (the

“Applicant”) in the aggregate principal amount not to exceed \$9.25 million.

EXECUTIVE SUMMARY

The Applicant is seeking to obtain financing for the acquisition, rehabilitation, improvement and equipping of King’s View Estates located in Fresno. The new tax exempt obligations will be issued by the Agency. As a jurisdiction in which 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 the Agency to issue bonds for this purpose.

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 Bonds in an amount not to exceed \$9.25 million for the purpose of financing the acquisition, rehabilitation, furnishing and equipping of a 116-unit multifamily rental housing project located at 2705 Martin Luther King Jr. Boulevard in Fresno (generally known as King’s View Estates). Upon conclusion of the public hearing, the City is then requested to authorize the Agency to proceed with the issuance of the Revenue Bonds.

In order to initiate such a financing, the City in which the proposed facilities are located must (1) conduct a public hearing and (2) approve the Agency issuance of indebtedness. Therefore, although the Agency 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.

The Internal Revenue Code requires all local legislative bodies, (in this case, the Council of the City of Fresno) to hold this hearing before it considers authorizing the issuance of such bonds. The purpose of this staff report is to facilitate the Applicant’s request for holding the hearing. The attached resolution, if approved by the Council, will provide authorization to the Agency to issue tax-exempt obligations on behalf of the Applicant in an amount not to exceed \$9.25 million. Notice of this hearing was published in the Fresno Bee on October 14, 2016. No testimony either for or against this proposed bond issuance has been received as of today.

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 the Issuer payable only from loan repayments to be made to the Issuer from certain funds and accounts established by or pursuant to the bond indenture(s) under which the Bonds will be issued. The Issuer has no taxing power and 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