



Agenda Item 7A

Approvals:

City Manager JM

Dept. Head JSH

Attorney JD

Finance JV

AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: November 6, 2014

Department: Community Development Department/ Planning Division
Prepared By: Denise Obrero, Housing Programs Planner

Subject: *CONDUIT FINANCING FOR THE PRESIDIO (FORMERLY CASA DE SENIORS APARTMENTS)*

Fiscal Impact: There are no costs or financial liabilities to the City associated with conduit financing from the California Municipal Finance Authority (CMFA). The issuance of a bond by CMFA will not constitute any type of indebtedness by the City of San Clemente.

Summary: Constructed in 1986, The Presidio is a 72 unit affordable senior housing project, which implements the City's Housing Element by continuing to provide affordable senior housing near Downtown. The new ownership of The Presidio is asking the City to issue tax-exempt bonds to enable it to rehabilitate the property and improve the living conditions for its tenants.

In order for all or a portion of the Bonds for The Presidio project to qualify for tax-exempt status, the City of San Clemente must conduct a TEFRA (Tax Equity and Fiscal Responsibility Act) public hearing on November 6, 2014. In 2013, the City joined the California Municipal Finance Authority and signed the Joint Exercise of Powers Agreement as a requirement to issue tax exempt bonds for the Avenida Serra Workforce Housing Development which is currently under construction.

Background: The CMFA was created on January 1, 2004, and to date, over 175 municipalities have become members of the California Municipal Finance Authority. There are no costs or financial liabilities associated with membership in CMFA. Outside of holding the TEFRA public hearing and adopting the required resolution, there are no other City obligations for the issuance of the Bonds.

Discussion: The property was constructed in 1986. After completing acquisition in December 2014, The Presidio plans to rehabilitate the property, and upgrade to energy efficient standards, using low income housing tax credits (LIHTC). The developer's proposed rehabilitation start date is January 2015, with an estimated completion date of November 2015. Following renovation, all of the units will continue to benefit from Project Based Section 8 subsidies and will also be restricted to households earning 50 percent of the area median income or less.

The Presidio, LP is in the process of acquiring The Presidio, formally known as Casa De Seniors. This is a 72-unit senior multifamily affordable rental housing development located at 105 Avenida Presidio, across the street from City Hall. The apartment is currently 100 percent occupied, and maintains an extensive waiting list for its units, of which all 72 units benefit from a Section 8 contract. Currently, the

property primarily targets seniors that earn less than 50 percent of area median income. Going forward The Presidio will continue to provide affordable rents and target the same resident population.

This is a tax-exempt revenue bond project in connection with an award of 4% Tax Credits. The Presidio has requested that the California Municipal Finance Authority (CMFA) serve as the issuer of tax-exempt revenue bond in an amount up to sixteen million dollars. The City already became a CMFA member with the Avenida Serra Workforce Housing development through their bond issuance process in July 2013. Therefore, the City's CMFA membership enables The Presidio to apply for tax-exempt loans.

As part of that process, the City conducts a required "TEFRA" public hearing. The TEFRA hearing allows public comment on a resolution approving the issuance of the bonds by the California Municipal Finance Authority (CMFA) for the benefit of The Presidio.

Recommended

Action:

STAFF RECOMMENDS THAT the City Council adopt a resolution to: a) approve the financing of The Presidio by the CMFA and; b) approves the issuance of the Bonds by the CMFA for the benefit of the The Presidio, LP (the "Borrower"), to provide for the financing of the Project.

Attachments:

1. Council Resolution

Notification: The Presidio

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION, IMPROVEMENT AND EQUIPPING OF THE PRESIDIO AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, The Presidio, LP, a California limited partnership (the “Borrower”), has requested that the California Municipal Finance Authority (the “Authority”) participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$16,000,000 (the “Bonds”) for the acquisition, improvement and equipping of a 72-unit senior multifamily rental housing project located at 105 Avenida Presidio, San Clemente, California, generally known as The Presidio (the “Project”) and operated by VPM Management, Inc.; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the issuance of the Bonds by the Authority must be approved by the City of San Clemente (the “City”) because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the “City Council”) is the elected legislative body of the City and is one of the “applicable elected representatives” required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of San Clemente as follows:

Section 1. The foregoing resolutions are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which 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 transaction approved hereby.

Section 6. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of San Clemente this ____ day of _____, 2014.

ATTEST:

City Clerk of the City of
San Clemente, California

Mayor of the City of San
Clemente, California

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

I, JOANNE BAADE, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. _____ was adopted at a regular meeting of the City Council of the City of San Clemente held on the _____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this _____ day of _____, _____.

CITY CLERK of the City of
San Clemente, California

Approved as to form:

City Attorney