



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 6, 2015

TO: Mayor and Councilmembers

FROM: Administration, Housing and Human Services Division, Community Development Department

SUBJECT: TEFRA (Tax Equity And Fiscal Responsibility Act) Hearing For 13-21 South Soledad (Pearl Gardens) And 211-221 Sycamore Lane (Sycamore Gardens) Debt Issuance

RECOMMENDATION:

That Council hold a public hearing and adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Approving the Incurring of a Tax Exempt Obligation by the Housing Authority of the City of Santa Barbara for the Purpose of Providing Financing for the Acquisition and Rehabilitation of Pearl Gardens and Sycamore Gardens Multifamily Rental Housing Facilities.

DISCUSSION:

The Housing Authority of the City of Santa Barbara ("Housing Authority") currently owns a 15-unit apartment complex located at 13-21 South Soledad Street, commonly known as Pearl Gardens, and a 20-unit apartment complex located at 211-221 Sycamore Lane, commonly known as Sycamore Gardens (collectively the "Housing Facilities").

The Housing Authority has indicated that it intends to issue debt obligations that may be in the form of a loan evidenced by a note or tax-exempt revenue bonds ("Bonds") in the approximate aggregate amount of \$11,000,000. The proceeds of the Bonds will be used to: (1) finance the acquisition and rehabilitation of the Housing Facilities and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities to be financed are to be owned by SB Housing Partnership IV, L.P., a California limited partnership (the "Borrower") formed by the Housing Authority, and the facilities will be operated initially by the Housing Authority or another entity selected by the Borrower. All or a portion of the rental units in the facilities will be rented to persons and families of low or very low income.

Under federal and state law, the governing body of any local entity within which bond proceeds are to be spent must: (1) conduct a public hearing and (2) approve the issuance

of the debt. Therefore, because the new Bonds will benefit the Housing Facilities, which are located within the City of Santa Barbara, the City Council must hold a public hearing and adopt a resolution approving the debt issuance. Council has held numerous such hearings, including TEFRA (Tax Equity and Fiscal Responsibility Act) hearings.

It is important to understand that the City is in no way associated with the debt issuance and is not obligated to make debt service payments on the Bonds. In addition, holding a public hearing and adopting a resolution will in no way make the City a party to the debt issuance. Federal laws governing these types of hearings recognize that non-profit agencies typically do not have the facilities to conduct their own public hearings; therefore, the local jurisdictions are allowed to lend their facilities and process to hold public hearings for the benefit of the issuing agency.

Staff recommends that the City hold the public hearing and adopt the resolution approving the issuance of Bonds by the Housing Authority.

PREPARED BY: Deirdre Randolph, Community Development Programs
Supervisor/SG

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Attorney's Office