Meeting Date: 08 / 22 / 06

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). _____	☐ Report
☐ Res. No(s). _____	■ Public Hearing (Info/consent)
☐ Other _____	☐ Other _____

Prepared By: Melissa Hettena x8248 Agenda Item No. C-1

Reviewed By: City Manager Holmberg City Attorney Finance Other *(Specify)*

DATE: August 7, 2006

TO: City Council

FROM: Sal Gonzalez, Housing Director

SUBJECT: **Issuance of Multi-Family Revenue Bonds – Sycamore Senior Village**

RECOMMENDATION

That City Council adopt a Resolution approving issuance pursuant to the Tax Equity and Financial Responsibility Act of 1982 by the California Statewide Communities Development Authority (CSCDA) of $23 million of multi-family revenue bonds to assist in the rehabilitation of old St. John's Hospital, located at 333 North "F" Street, by GTS Properties of Santa Ana.

SUMMARY

City Council is requested to approve the issuance by CSCDA of $23 million of multi-family revenue bonds for the acquisition and conversion of old St. John's Hospital at 333 North F Street to a 229-unit senior housing complex. This approval does not constitute an approval of the project for planning purposes. The City retains all authority it otherwise has with regard to entitlement of the project. The project will assist the City in meeting its Housing Element affordable housing goals; it provides additional senior housing resources, removes a long standing blight in the City and neighborborhood and satisfies a variety of goals of the HERO Redevelopment Project Area. The issuance of the bonds does not obligate either the City, the Housing Authority, or the Community Development Commission for the bond payments.

DISCUSSION

The City Council is being requested by GTS Properties of Santa Ana, (Developer and new owner of the Old St. John's Hospital) to approve the issuance of an estimated $23 million of multi-family revenue bonds for the acquisition and rehabilitation of the old St. John's Hospital at 333 North F Street in the Wilson Neighborhood. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires the City Council to approve the issuance of the bonds after holding a public hearing. In this instance the bonds will be issued by CSCDA. The City will have no liability for the bonds.

Old St. John's is a vacant institutional building and has no residential tenants. Therefore, there are no displacement issues or concerns about rent increases for existing tenants.

Proposed Project

The Developer proposes to renovate the former hospital and convert it into a 229 unit senior residential development. The complex will contain related residential services, three managers units, and upscale amenities. The Developer also proposes to construct some single family homes on the site, but this aspect of the development is not the subject of the bond issue.

This property has been vacant since the hospital moved to its new facility on Rose Avenue several years ago. The complex has been of concern to neighborhood residents because of its size, both in bulk and area. From time to time, there have been security issues due to trespassing and vandalism. The renovation of the facility will turn a neighborhood liability into a neighborhood asset.

The renovated facility will be exclusively for senior citizens. The Developer will be applying for low income housing tax credits which typically require 100% affordability. However, the Developer plans to modify his application for tax credit so that he is able to provide some market rate units. Bedroom sizes range from efficiencies to two-bedroom units. One-bedroom units will comprise 49% of the project, efficiencies 41%, and two-bedroom 10%.

The estimated restricted rents are below the current Section 8 Fair Market Rent (FMR) payment standards. There are currently 425 senior applicants on the Housing Authority's waiting list. .

Public Benefit

Sycamore Senior Village provides three major areas of public benefit to the City:

1. Makes a major contribution to the City's regional Housing Needs Assessment (RHNA) goals of 1,286 very low and low income units.

2. Services seniors by providing additional housing they can afford because of the tax-exempt bond financing and low income housing tax credits the Developer plans to obtain.

3. Satisfies a variety of goals of the HERO Redevelopment Project area:

    - Eliminate and prevent the spread of blight and deterioration
    - Re-plan, design, and develop underdeveloped areas that are underutilized or improperly utilized
    - Strengthen the economic base of the Project Area by redevelopment and rehabilitation of structures and the installation of needed improvements.
    - Eliminate or mitigate environmental deficiencies that adversely affect the Project Area
    - Promote private sector investment within the Project Area
    - Provide improved housing for individuals and/or families of very low, low or moderate incomes

Agreement

The Developer and the City have agreed to incorporate in binding documents certain conditions in exchange for the approval of the bond issue. These provisions are as follows:

- Payments to the Community Development Commission in-lieu of property taxes, according to formula negotiated between the CDC and the Developer.
- Section 8 participants will be accepted as tenants, provided they meet credit and background standards. The Section 8 tenants will not be charged higher rents than other tenants in similar size and type of units.
- One hundred percent of the units will be restricted to persons of Low-Income (60%) of the median income).
- Oxnard residents will be given preference over non-Oxnard residents.

Other Matters

The Developer and new owner has submitted evidence that he has development experience, is financially solvent, and is partnering with an affordable housing developer to compensate for the developer's lack of affordable housing experience. His representative has also met with neighborhood residents who expressed their expectation that the Developer move expeditiously with work on the site. The Developer has submitted a schedule of performance. The Developer has also indicated to City staff his intent on obtaining City financial assistance to close a gap in financing. However, staff has made no commitment that the City will provide any financial assistance as part of the City's adoption of the requested resolution. Should the Developer elect to request funds from the City, the Developer will be required to submit a formal application to the City and show why the funds are necessary.

FINANCIAL IMPACT

The repayment of the bonds is solely from the net revenues derived from the housing project. The City, the Housing Authority, and the Community Development Commission are not responsible for bond payments.

Attachments- #1 - Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 *et seq.* and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Oxnard (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, Sycamore Senior Village Partners, LP, a California limited partnership, (collectively, with any related entity, "Borrower") or related entities, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed $23,000,000 in outstanding aggregate principal amount, to finance the acquisition, construction and development of a 229-unit multifamily rental housing project, located at 333 North F Street, Oxnard, California, and generally known as Sycamore Senior Village (the "Project"); and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of this City Council ("City Council") are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OXNARD AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority. The City Council intends that this Resolution constitute approval of the Bonds for the purposes of (a) Section 147(f) of the Code by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the project is located and on whose behalf such Bonds are expected to be issued, and (b) Section 9 of the Agreement; provided that such approval is made on condition that prior to or concurrent with its acquisition of the Property Borrower execute and cause to be recorded in the Ventura County Recorder's Office an agreement or agreements satisfactory in form and substance to the City and the Community Development Commission, which provide: (1) a restriction that the project be occupied (with the exception of management units) exclusively by persons who meet the criteria of Civil Code section 51.3; (2) that the Borrower will make all of the units in the Property available only to persons earning 60% or less of median income at affordable rent (defined as 30% of 60% of area median income with an assumed household size of one person for a studio, and two persons for a one bedroom unit); (3) that the Borrower will grant a preference (with procedures reasonably satisfactory to the City's Housing Director) for rental of units to Oxnard residents; (4) that the Borrower and any subsequent owner of the Property will not discriminate against prospective residents utilizing Section 8 assistance, provided they meet credit and background standards and units are available at rents permitted by the Housing Authority under the Section 8 program; (5) that rents for those units with tenants receiving Section 8 assistance will not exceed rents for similar units occupied by very low or low income tenants pursuant to bond and tax credit financing requirements and not receiving Section 8 assistance; (6) for payment (and security as described herein below) by the owner of the Property to the City's Community Development Commission at the time property taxes otherwise would be due and payable of an amount of money to compensate for property tax revenues not realized by the Community Development Commission during any portion of the time the Property is exempt from taxation because of its ownership by Borrower or any successor to Borrower, with payments to be made in the amounts set forth on Attachment 1 hereto.

Section 3. The Borrower's obligation to make the "in-lieu" fees payment will be included in a Bond Loan Agreement, which is secured by a First Trust Deed on the Property.

Section 4. The Bond Loan Agreement and the First Trust Deed will provide that the obligation to pay the "in-lieu" fees is a first priority payment obligation, meaning this obligation will be paid from the property's cash flow prior to any monies being paid to the Bond holders or any other lender or investor. The City will also have a first priority payment position from any proceeds realized upon the foreclosure of the Property or the exercise of any other remedies under the First Trust Deed.

Section 5. The City will be named as a third party beneficiary under the Bond Loan Agreement, and will be entitled to enforce its remedies directly against the Borrower for non-payment of the in-lieu fees. The City, however, will not be able to dictate when or if a foreclosure occurs under the First Trust Deed.

Section 6. The obligation to pay the in-lieu fees will also be contained in a Bond Regulatory Agreement executed by the Borrower. The Bond Regulatory Agreement shall be recorded against the Property prior to the First Trust Deed, and will be binding on any subsequent owner of the Property (including any purchaser at a foreclosure sale) for as long as the property tax abatement is in effect.

Section 7. The Borrower may propose and the Community Development Commission may accept alternate security arrangements upon the written agreement of the City Manager and Executive Director of the Community Development Commission if in the determination of the City Manager and Executive Director these alternate security arrangements adequately protect the interests of the City and the Community Development Commission.

Section 8. 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 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.

Section 9. The City Clerk of the City shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the hearing notice to:

Stephen A. Spitz, Esq.
Orrick, Herrington & Sutcliffe LLP
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, California 94111

Section 10. This Resolution shall become effective immediately upon passage, and shall become null and void if bonds are not issued for the Property on or before _____.

PASSED AND ADOPTED this _____, 2006, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

DOCSSF1:861044.2

Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Gary L. Gillig, City Attorney

SYCAMORE VILLAGE
SCHEDULE OF IN-LIEU TAX INCREMENT PAYMENTS TO OXNARD COMMUNITY DEVELOPMENT COMMISSION
Based on 80% Pro-rated Valuation for Affordable Housing Units

AssessedValuation (Based on Total Dev Cost In May 2006 Pro-forma)		$47,824,545
CDC In-Lieu Fees for Tax Increment based on 60% of 1% of Assessed Valuation, for 20 years:	$	5,738,945
Pro-rated to 80% for Affordable Units Share:	**$**	**4,591,156**

Pmt #	Year #	Payment Year	Payment Month	Payment Amount	Fiscal Year Total	Cumulative Total	% of Total Due
1	1	2008	Dec	$ 25,506			
2	1	2009	April	$ 25,506	$ 51,012	$ 51,012	1.1111%
3	2	2009	Dec	$ 51,012			
4	2	2010	April	$ 51,012	$ 102,025	$ 153,037	2.2222%
5	3	2010	Dec	$ 76,519			
6	3	2011	April	$ 76,519	$ 153,037	$ 306,074	3.3333%
7	4	2011	Dec	$ 102,025			
8	4	2012	April	$ 102,025	$ 204,049	$ 510,123	4.4444%
9	5	2012	Dec	$ 127,533			
10	5	2013	April	$ 127,533	$ 255,066	$ 765,190	5.5556%
11	6	2013	Dec	$ 127,533			
12	6	2014	April	$ 127,533	$ 255,066	$ 1,020,256	5.5556%
13	7	2014	Dec	$ 127,533			
14	7	2015	April	$ 127,533	$ 255,066	$ 1,275,322	5.5556%
15	8	2015	Dec	$ 127,533			
16	8	2016	April	$ 127,533	$ 255,066	$ 1,530,389	5.5556%
17	9	2016	Dec	$ 127,533			
18	9	2017	April	$ 127,533	$ 255,066	$ 1,785,455	5.5556%
19	10	2017	Dec	$ 127,533			
20	10	2018	April	$ 127,533	$ 255,066	$ 2,040,521	5.5556%
21	11	2018	Dec	$ 127,533			
22	11	2019	April	$ 127,533	$ 255,066	$ 2,295,587	5.5556%
23	12	2019	Dec	$ 127,533			
24	12	2020	April	$ 127,533	$ 255,066	$ 2,550,654	5.5556%
25	13	2020	Dec	$ 127,533			
26	13	2021	April	$ 127,533	$ 255,066	$ 2,805,720	5.5556%
27	14	2021	Dec	$ 127,533			
28	14	2022	April	$ 127,533	$ 255,066	$ 3,060,786	5.5556%
29	15	2022	Dec	$ 127,533			
30	15	2023	April	$ 127,533	$ 255,066	$ 3,315,852	5.5556%
31	16	2023	Dec	$ 127,533			
32	16	2024	April	$ 127,533	$ 255,066	$ 3,570,919	5.5556%
33	17	2024	Dec	$ 127,533			
34	17	2025	April	$ 127,533	$ 255,066	$ 3,825,985	5.5556%
35	18	2025	Dec	$ 127,533			
36	18	2026	April	$ 127,533	$ 255,066	$ 4,081,051	5.5556%
37	19	2026	Dec	$ 127,533			
38	19	2027	April	$ 127,533	$ 255,066	$ 4,336,118	5.5556%
39	20	2027	Dec	$ 127,519			
40	20	2028	April	$ 127,519	$ 255,038	$ 4,591,156	5.5550%
				$ 4,591,156	**$ 4,591,156**		**100.0000%**