Meeting Date: 05/17/11

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

Prepared By: Larry S. White _____ Agenda Item No. L-3

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

DATE: May 17, 2011

TO: City Council
Oxnard Housing Authority Board of Commissioners

FROM: William Wilkins, Housing Director

SUBJECT: **Issuance of Housing Authority Multifamily Housing Revenue Bonds for Las Villas de Paseo Nuevo, located at 5637 to 5727 Cypress Road.**

RECOMMENDATION

That the City Council:

1. Hold a public hearing regarding the issuance of up to $16,000,000 of multifamily housing revenue bonds by the Housing Authority of the City of Oxnard ("Housing Authority") to finance the acquisition and construction by Paseo Nuevo Partners, L.P., of Las Villas de Paseo Nuevo.

2. Adopt a resolution approving the issuance of bonds by the Housing Authority for the purpose of financing Las Villas de Paseo Nuevo.

That the Oxnard Housing Authority Board of Commissioners:

1. Adopt a resolution setting forth the Housing Authority's official intent to issue multifamily housing revenue bonds in a principal amount of up to $16,000,000 to finance the acquisition and construction of Las Villas de Paseo Nuevo, authorizing the Housing Director of the Housing Authority to apply to the California Debt Limit Allocation Committee for an allocation of tax-exempt bond authority for the bonds, and designating the law firm of Quint & Thimmig LLP as bond counsel to the Housing Authority for the bonds.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF OXNARD FOR THE PURPOSE OF FINANCING LAS VILLAS DE PASEO NUEVO MULTIFAMILY HOUSING FACILITY

WHEREAS, the City of Oxnard, California (the "City") has been advised that the Housing Authority of the City of Oxnard (the "Authority") is authorized to issue and sell revenue bonds for the purpose of financing multifamily rental housing facilities; and

WHEREAS, the City also has been advised that Paseo Nuevo Partners, L.P., a California limited partnership sponsored by the Authority and McCarthy Companies (the "Borrower"), has requested that the Authority issue and sell tax-exempt bonds in the maximum principal amount of $16,000,000 (the "Bonds") for the purpose of obtaining funds to make a loan to the Borrower to enable the Borrower to finance the acquisition and construction of 72 units of multifamily housing (the "Project") to be located on a 4.93 acre site at 5655, 5677, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road in the City, and that in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that an "applicable elected representative" with respect to the Authority hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds by the Authority following such hearing; and

WHEREAS, the Authority has advised the City that the City Council of the City is an "applicable elected representative" to hold the public hearing because the Project is located within the City; and

WHEREAS, notice of a public hearing regarding the Authority's assistance in financing the Project has been duly given as required by the Code, and the City Council has heretofore held the public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing and operation of the Project and the Authority's issuance of the Bonds therefor.

NOW, THEREFORE, the City Council of the City of Oxnard does hereby resolve as follows:

SECTION 1. The foregoing recitals, and each of them, are true and correct.

SECTION 2. The City Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to make a loan to the Borrower to enable the Borrower to finance the acquisition and construction of the Project. The City shall have no responsibility or liability whatsoever with respect to repayment of the Bonds.

SECTION 3. The adoption of this Resolution shall not obligate (i) the City to provide any financing for the Project; or (ii) the City, the Planning Department of the City or any other

department of the City to approve any application or request for, or take any other action in connection with, any planning approval, permit or other action necessary for the construction or operation of the Project.

SECTION 4. The City Clerk is hereby directed to forward a certified copy of this Resolution to the bond counsel for the Bonds, addressed as follows: Paul J. Thimmig, Esq., Quint & Thimmig LLP, 575 Market Street, Suite 3600, San Francisco, CA 94105-2874.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

SECTION 5. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 17th day of May, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Alan Holmberg, City Attorney

APPROVED AS TO CONTENT:

James Cameron, Chief Financial Officer

08014.01:J11329
4/26/11

DISCUSSION

Las Villas de Paseo Nuevo is a seventy two unit affordable housing project located in the Cypress neighborhood. The project is being developed by a public private partnership consisting of the Oxnard Housing Authority, the non-profit Las Cortes and McCarthy Companies, which entities will serve as general partners in Paseo Nuevo Partners, L.P. ("Partnership").

A primary source of funds to finance the acquisition and construction by the Partnership of the project would be the proceeds of tax-exempt multifamily housing revenue bonds ("Bonds") proposed to be issued by the Housing Authority. The Bonds would be payable solely from revenues derived from the project. The City would have no responsibility with respect to the issuance or repayment of the Bonds. The Housing Authority's responsibility would be limited to project revenues.

Section 147(f) of the Internal Revenue Code of 1986 ("Tax Code") requires that, in order for the interest on a private activity bond to be excluded from the gross income of the owner of the bond (i.e., tax-exempt), an "applicable elected representative" of the governmental unit issuing the bond must approve the issuance of the bond after a public hearing following reasonable public notice. The proposed Bond issue by the Housing Authority is classified as private activity bonds for purposes of the Tax Code. Because the Board of Commissioners of the Housing Authority is not an elected body, the Tax Code provides that a governmental unit with elected representatives and jurisdiction over the area in which the project to be financed is located, in this case the City Council, is an "applicable elected representative" with respect to the bond issue.

The City Council is requested to hold a public hearing regarding the financing of the project with proceeds of the Bonds, and to adopt a resolution approving the issuance of the Bonds by the Housing Authority. Notice of the public hearing was published in the Ventura County Star on May 4, 2011. Bond Counsel has advised that the City will incur no obligation whatsoever by reason of its holding of the public hearing and approval of the issuance of the Bonds by the Housing Authority.

In order to be able to use proceeds of the Bonds to be issued to pay project costs incurred prior to the issuance of the Bonds, the Tax Code requires that the Housing Authority adopt a resolution indicating its official intent to issue the Bonds. Also, in order to issue the Bonds as tax-exempt bonds, it is necessary for the Housing Authority to obtain an allocation of tax-exempt bonding authority for the Bonds from the California Debt Limit Advisory Commission ("CDLAC").

It is recommended that the Housing Authority adopt a resolution indicating its intent to issue the Bonds for the Project, authorizing the Housing Director of the Housing Authority to apply to CDLAC for an allocation of tax-exempt bond authority for the Bonds, and designating the firm of Quint & Thimmig LLP to serve as bond counsel for the Bonds. The adoption of the resolution will not obligate the Housing Authority to issue the Bonds, and the issuance of the Bonds will require future action by the Board of Commissioners approving the documents providing for the terms of the Bonds.

FINANCIAL IMPACT

There is no financial impact to the City in connection with the City Council's adoption of a resolution approving the issuance of the Bonds by the Housing Authority. There will be no direct financial impact on the Housing Authority as a result of the issuance of the Bonds, as the Bonds will be payable from revenues of the Project, and not from any other funds of the Housing Authority.

Attachment #1 – City Council Resolution
Attachment #2 – Housing Authority Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF OXNARD FOR THE PURPOSE OF FINANCING LAS VILLAS DE PASEO NUEVO MULTIFAMILY HOUSING FACILITY

WHEREAS, the City of Oxnard, California (the "City") has been advised that the Housing Authority of the City of Oxnard (the "Authority") is authorized to issue and sell revenue bonds for the purpose of financing multifamily rental housing facilities; and

WHEREAS, the City also has been advised that Paseo Nuevo Partners, L.P., a California limited partnership sponsored by the Authority and McCarthy Companies (the "Borrower"), has requested that the Authority issue and sell tax-exempt bonds in the maximum principal amount of $16,000,000 (the "Bonds") for the purpose of obtaining funds to make a loan to the Borrower to enable the Borrower to finance the acquisition and construction of 72 units of multifamily housing (the "Project") to be located on a 4.93 acre site at 5655, 5677, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road in the City, and that in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that an "applicable elected representative" with respect to the Authority hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds by the Authority following such hearing; and

WHEREAS, the Authority has advised the City that the City Council of the City is an "applicable elected representative" to hold the public hearing because the Project is located within the City; and

WHEREAS, notice of a public hearing regarding the Authority's assistance in financing the Project has been duly given as required by the Code, and the City Council has heretofore held the public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing and operation of the Project and the Authority's issuance of the Bonds therefor.

NOW, THEREFORE, the City Council of the City of Oxnard does hereby resolve as follows:

SECTION 1. The foregoing recitals, and each of them, are true and correct.

SECTION 2. The City Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to make a loan to the Borrower to enable the Borrower to finance the acquisition and construction of the Project. The City shall have no responsibility or liability whatsoever with respect to repayment of the Bonds.

SECTION 3. The adoption of this Resolution shall not obligate (i) the City to provide any financing for the Project; or (ii) the City, the Planning Department of the City or any other

department of the City to approve any application or request for, or take any other action in connection with, any planning approval, permit or other action necessary for the construction or operation of the Project.

SECTION 4. The City Clerk is hereby directed to forward a certified copy of this Resolution to the bond counsel for the Bonds, addressed as follows: Paul J. Thimmig, Esq., Quint & Thimmig LLP, 575 Market Street, Suite 3600, San Francisco, CA 94105-2874.

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SECTION 5. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 17th day of May, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Alan Holmberg, City Attorney

APPROVED AS TO CONTENT:

James Cameron, Chief Financial Officer

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4/26/11

ATTACHMENT NO. 1
PAGE 3 OF 3

HOUSING AUTHORITY OF THE CITY OF OXNARD

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF OXNARD SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF LAS VILLAS DE PASEO NUEVO AND AUTHORIZING RELATED ACTIONS

WHEREAS, the Housing Authority of the City of Oxnard (the "Authority") is authorized by Chapter 1 (commencing with Section 34200) of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act") to issue revenue bonds for the purpose of financing the acquisition and construction of multifamily rental housing facilities located within the area of operation of the Authority; and

WHEREAS, the Authority is contemplating the issuance and sale of multifamily housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and construction by Paseo Nuevo Partners, L.P., a California limited partnership (the "Borrower"), of 72 units of multifamily rental housing to be located on a 4.93 acre site at 5655, 5677, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road in the City of Oxnard and currently identified as Las Villas De Paseo Nuevo (the "Project"); and

WHEREAS, the Authority, in the course of assisting the Borrower in financing the Project, expects that the Borrower has paid and may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within the period from the date which is 60 days prior to the adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, Section 1.150-2 of the United States Treasury Regulations (the "Treasury Regulations") requires that the Authority declare its official intent to reimburse the Reimbursement Expenditures for the Project with proceeds of a subsequent tax-exempt borrowing if the proceeds of the borrowing are to be used to finance the Reimbursement Expenditures; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing costs of the acquisition and construction by the Borrower of the Project (including reimbursement of the Reimbursement Expenditures) upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds, in an aggregate principal amount not to exceed $16,000,000; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing bonds that may be issued in any calendar year by entities within a state (the "state ceiling") and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, Section 8869.85(b) of the California Government Code requires a local agency desiring an allocation of the state ceiling for a particular financing to file an application with the California Debt Limit Allocation Committee ("CDLAC") for such an allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; and

WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the Authority that the Authority declares its official intent to issue the Bonds to finance the Project and to authorize the Executive Director to take all actions necessary to apply to CDLAC for an allocation of tax-exempt bond authority for the Project.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the City of Oxnard resolves:

SECTION 1. The Board of Commissioners hereby finds and determines that it is necessary and desirable to provide financing for the acquisition and construction by the Borrower of the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in the aggregate principal amount not to exceed $16,000,000.

SECTION 2. This Resolution is being adopted by the Board of Commissioners for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. In that regard, the Board of Commissioners declares its official intent that the Authority use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project.

SECTION 3. The Executive Director of the Authority is hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed $16,000,000, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of a performance deposit and the provision of certificates.

SECTION 4. The law firm of Quint & Thimmig LLP is hereby designated as bond counsel to the Authority for the Bonds. The Executive Director is hereby authorized to execute an agreement with such firm for its services related to the Bonds in a form acceptable to general counsel to the Authority; provided that any and all compensation to such firm is contingent upon the successful issuance of the Bonds.

SECTION 5. Notwithstanding the foregoing, the adoption of this Resolution shall in no way obligate the Authority to issue the Bonds or otherwise to assist the Borrower with its acquisition and construction of the Project. The issuance of the Bonds shall only occur on

terms that are satisfactory to the Authority, and subject to the adoption by the Board of Commissioners of a resolution approving the documents providing for the terms of the Bonds.

SECTION 6. The Secretary is hereby directed to forward a certified copy of this Resolution to the bond counsel for the Bonds, addressed as follows: Paul J. Thimmig, Esq., Quint & Thimmig LLP, 575 Market Street, Suite 3600, San Francisco, California 94105-2874.

SECTION 7. This Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED on this 17th day of May 2011 by the following vote:

AYES:

NOES:

ABSENT:

_____
Dr. Thomas E. Holden, Chairperson

ATTEST:

_____
Daniel Martinez, Secretary Designate

APPROVED AS TO FORM:

_____
Alan Holmberg, General Counsel

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4/26/11