

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 7/21/2015	(3) CONTACT/PHONE Suzan Ehdai, Planner II / (805) 781-4974	
(4) SUBJECT Hearing to consider a resolution approving the issuance of tax-exempt bonds by the California Municipal Finance Authority (CMFA) for the Ocean View Manor Affordable Housing Project. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board take the following actions: <ol style="list-style-type: none"> 1. Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code"), and 2. Adopt the resolution approving the issuance of the bonds by the CMFA for the benefit of Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation a California nonprofit public benefit corporation (the "Borrower"), to provide for the financing of the Ocean View Manor Affordable Housing Project (the "Project"), such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following). 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>10 mins.</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>8/12/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Suzan Ehdaie, Planner II

VIA: Trevor Keith, Deputy Director, Policies and Programs

DATE: 7/21/2015

SUBJECT: Hearing to consider a resolution approving the issuance of tax-exempt bonds by the California Municipal Finance Authority (CMFA) for the Ocean View Manor Affordable Housing Project. All Districts.

RECOMMENDATION

It is recommended that the Board take the following actions:

1. Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code"), and
2. Adopt the resolution approving the issuance of the bonds by the CMFA for the benefit of Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation a California nonprofit public benefit corporation (the "Borrower"), to provide for the financing of the Ocean View Manor Affordable Housing Project (the "Project"), such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

DISCUSSION

People's Self-Help Housing Corporation has asked the CMFA to issue municipal bonds to finance an affordable housing project. The CMFA has found the project qualifies to access the tax-exempt market and will issue bonds in an aggregate principal amount not to exceed \$5,000,000. The proceeds of the Bonds will be used to: (1) finance the acquisition and rehabilitation of a 40-unit affordable rental housing project located at 456 Elena Street, Morro Bay, California, and known as Ocean View Manor; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation. The bonds will be issued by CMFA and repaid with funds derived from the project by Ocean View Manor, L.P. The County will have no liability or administrative responsibility for the bonds.

In accordance with Section 147(f) of the Internal Revenue Code of 1986, the County of San Luis Obispo must conduct a public hearing (the "TEFRA hearing") to provide an opportunity for the members of the community to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to any such TEFRA hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the bonds for the financing of the Project.

A TEFRA hearing was held on August 12, 2014 and a resolution was approved by the Board. The TEFRA approval is only valid for one year. However, People's Self Help Housing Corporation was unable to obtain other funding commitments necessary to issue bonds within that year, which is why the Board is being asked to reapprove the issuance of bonds. The County has been a member of CMFA since August 2014. There is no cost or liability to the County to be a member.

California Municipal Finance Authority

The California Municipal Finance Authority (CMFA) was created on January 1, 2004 pursuant to a Joint Exercise of Powers Agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds targeted at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate, and apart from each member executing such agreement. Therefore, the debts, liabilities, and bonds of the CMFA do not constitute debts, liabilities, or bonds of the members executing such agreement.

This means that the bonds that would be issued by the CMFA for the Project will be the sole responsibility of the Borrower and that the County will have no financial, legal, or moral obligation, or any liability or responsibility for the Project or the repayment of any such bonds issued for the financing of the Project. As such, all financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not bonds of the County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Participation by the County in the CMFA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the County. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the County or the Board of Supervisors with respect to the issuance of the bonds will be required.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from such agreement upon written notice to the Board of Directors of the CMFA. In the case of the proposed bond financing for the Borrower, the County following its execution of the Joint Exercise of Powers Agreement, could, at any time following the issuance of the bonds, withdraw from the CMFA by providing written notice to the Board of Directors of the CMFA.

OTHER AGENCY INVOLVEMENT/IMPACT

Staff consulted with CMFA for preparation of the staff report. County Counsel reviewed and approved the attached resolution as to form and legal effect.

FINANCIAL CONSIDERATIONS

There is no direct or indirect financial impact to the County of San Luis Obispo as a result of this proposed financing. The Authority will issue tax-exempt bonds on behalf of the Project. The tax-exempt bonds are payable solely out of the revenues derived by the Borrower from the applicable project. No financial obligations are placed on the County for project financing costs or debt repayment.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. In this instance, the Borrower will be the beneficiary of the CMFA's charitable donation by receiving a 25% reduction in \$9,375 issuance fees. With respect to the County of San Luis Obispo, it is expected that roughly \$3,125 will be granted by the CMFA to the general fund of the County. These funds may be used for any lawful purpose of the County.

RESULTS

The purpose of this hearing is to conduct the TEFRA hearing and adopt the resolution in favor of the issuance of the bonds by the CMFA. This will benefit the County residents by providing affordable rental housing and thus supports the countywide goals of promoting a healthy, safe and livable community.

ATTACHMENTS

1. Resolution