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## Staff Report

**Date:** November 1, 2016

**To:** City Council

**From:** Valerie J. Barone, City Manager

**Reviewed by:** Victoria Walker, Director of Community and Economic Development  
John Montagh, Economic Development and Housing Manager

**Prepared by:** Pedro Garcia, Economic Development Specialist  
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**Subject:** **Considering adoption of Resolution No. 16-81 pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986 issuance of one or more series of the California Statewide Communities Development Authority Revenue Bonds (Community Housing Works) Series 2016 in an aggregate principal amount not to exceed \$39,000,000 for the purpose of financing the acquisition, construction improvement, renovation, rehabilitation and remodeling at Sun Ridge Apartments located at 1265 Monument Boulevard, Concord. (Funded by Community Housing Works)**

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### Report in Brief

The City received a request from Community HousingWorks, a California nonprofit housing organization, to conduct a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing that is a requirement for \$39 million in tax exempt bonds to be issued through the California Statewide Communities Development Authority (CSCDA). The purpose of the bond financing request is to fund the acquisition, construction, improvement, renovation, rehabilitation, remodeling and affordable housing extension of the 198-unit Sun Ridge Apartment complex located at 1265 Monument Boulevard in Concord. Bond repayment is the sole responsibility of Community Housing Works; the City of Concord will have no responsibility for bond repayments.

### **Recommended Action**

Staff recommends that the City Council:

- 1) Conduct a public hearing under the requirements of the TEFRA and the Internal Revenue Code of 1986; and
- 2) Adopt Resolution No. 16-81 (Attachment 1) approving the issuance of California Statewide Communities Development Authority Revenue Bonds (Community Housing Works) Series 2016 in an aggregate principal amount not to exceed \$39,000,000 for the purpose of financing the acquisition, construction improvement, renovation, rehabilitation and remodeling at Sun Ridge Apartments located at 1265 Monument Boulevard, Concord.

### **Background**

CSCDA is a joint exercise of powers authority sponsored by the League of California Cities and California State Association of Counties, of which the City of Concord is a member. The Joint Exercise of Powers Agreement provides that the CSCDA is a public entity, separate and apart from each member executing such Agreement. The debts, liabilities and obligations of the CSCDA do not constitute debts, liabilities or obligations of the members executing such Agreements.

The City of Concord has held TEFRA public hearings for other projects through CSCDA in the recent past. In May 2016, the City held a TEFRA hearing and approved the issuance of bonds for John Muir Health's \$23-million planned renovation of its Intensive Care Unit located at 2540 East St. in Concord.

Community Housing Works is a 30-year old San Diego-based nonprofit organization that has developed over 2,900 affordable apartments in 35 communities statewide.

### **Analysis**

Community Housing Works will invest a total of \$54.1 million to acquire, renovate and further preserve the 198-unit Sun Ridge Apartments complex as affordable housing. A total of \$39 million will come from the proposed bond issuance and the remaining \$15.1 million will come from other sources, including Low Income Housing Tax Credits (LIHTC). The proposed financing of the project will result in the extension of affordability restrictions for a 55-year period, which is a 41-year extension of the existing restrictions. Currently, all of the Sun Ridge apartments are restricted to qualified renter households that earn no more than 60 percent of Area Median Income (AMI). At close of escrow, 10 percent of the units will be further reduced to be affordable for qualified renter households that earn no more than 50 percent of AMI.

Improvements for this project will include new windows and sliding glass doors, stucco and siding repair, exterior paint, repair of hot water heating systems, air conditioning units and wall furnaces, balcony and deck repairs, and seismic retrofit of the soft story

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(tuck-under parking). Residential kitchens, bathrooms, flooring and paint will be completed on an as-needed basis. Site work will include landscape and irrigation repairs, sidewalk repairs and path of travel upgrades, parking lot sealing and restriping, and improved site lighting.

In order for all or a portion of the bonds to qualify as tax exempt bonds, the City of Concord must conduct a public hearing (TEFRA Hearing), providing the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing. Prior to the hearing, reasonable notice must be provided to the members of the community. Notice of the public hearing was provided as described in the Public Contact section below.

Following the close of the TEFRA hearing, pursuant to Section 147(f) of the Internal Revenue Code of 1986, the issuance of the bonds by CSCDA must be approved by the Concord City Council because the project facilities are located within the territorial limits of the City and the City Council is the elected legislative body of the City, which is the applicable elected representative body required to approve issuance of the bonds.

The bonds to be issued by CSCDA will be the sole responsibility of Community Housing Works. The City of Concord will have no financial or legal liability, or responsibility for the repayment of the bonds for the proposed financing. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City of Concord or the State of California, and the bonds are to be paid for solely from funds provided by Community Housing Works.

### **Financial Impact**

There is no financial impact to the City. All financing for this proposal will be funded and paid back by outside parties as referenced in this agenda report.

### **Public Contact**

A Notice of the Public Hearing was posted in accordance with Public Hearing notification procedures, and was published in the East Bay Times newspaper on October 15, 2016, which satisfies the minimum notification time required for this action. The City Council agenda was posted.

### **Attachments**

1. Resolution No. 16-81

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD  
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving the Issuance of One or More Series of the California Statewide Communities Development Authority Revenue Bonds (Community Housing Works) Series 2016 in an Aggregate Principal Amount Not to Exceed \$39,000,000 for the Purpose of Financing the Acquisition, Construction Improvement, Renovation, Rehabilitation and Remodeling at Sun Ridge Apartments Located at 1265 Monument Boulevard, Concord**

**Resolution No. 16-81**

**WHEREAS**, Community HousingWorks, a California nonprofit public benefit corporation (the “Borrower”), has requested that the California Statewide Communities Development Authority (the “Authority”) issue revenue bonds in one or more series in an aggregate principal amount not to exceed \$39,000,000 (the “Bonds”) for the purpose of, among other things, financing the acquisition, construction, improvement, renovation, rehabilitation, remodeling and other soft costs (the “Financing”) at Sun Ridge Apartments (the “Facilities”) located in the City of Concord, California (the “City”); 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 because the Facilities are located within the territorial limits of the City; and

**WHEREAS**, the City Council of the City (the “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 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 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “Agreement”), among certain local agencies, including the City; and

**WHEREAS**, the Authority is also requesting that the Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed or refinanced the Facilities (the “Refunding Bonds”) but only in such cases where federal tax

1 laws would not require additional consideration or approval by the Council; and

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

5       **WHEREAS**, the City of Concord will have no financial, legal, liability or responsibility for  
6 the repayment of the bonds for the proposed financing and are to be paid for solely from funds  
7 provided by Community HousingWorks.

8       **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES**  
9 **RESOLVE AS FOLLOWS:**

10       **Section 1.** The Council hereby approves the issuance of the Bonds and Refunding Bonds by  
11 the Authority. It is the purpose and intent of the Council that this resolution constitute approval of the  
12 issuance of the Bonds and Refunding Bonds by the Authority, for the purposes of (a) Section 147(f) of  
13 the Code by the applicable elected representative of the issuer of the Bonds and the governmental unit  
14 having jurisdiction over the area in which the Facilities are to be located, in accordance with said  
15 Section 147(f) and (b) Section 9 of the Agreement.

16       **Section 2.** The officers of the City are hereby authorized and directed, jointly and severally, to  
17 do any and all things and to execute and deliver any and all documents which they deem necessary or  
18 advisable in order to carry out, give effect to and comply with the terms and intent of this resolution  
19 and the financing transaction approved hereby.

20       **Section 3.** This resolution shall become effective immediately upon its passage and adoption.

21       **PASSED AND ADOPTED** by the City Council of the City of Concord on November 1, 2016,  
22 by the following vote:

23 **AYES:**       Councilmembers -

24 **NOES:**       Councilmembers -

25 **ABSTAIN:**   Councilmembers -

26 **ABSENT:**     Councilmembers -

1           **I HEREBY CERTIFY** that the foregoing Resolution No. 16-81 was duly and regularly  
2 adopted at a regular meeting of the City Council of the City of Concord on November 1, 2016.

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Joelle Fockler, MMC  
City Clerk

6 **APPROVED AS TO FORM:**

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Susanne Meyer Brown  
City Attorney

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