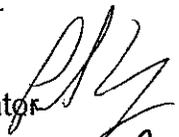


Council/Agency Meeting Held: _____	_____ City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: March 17, 2008	Department ID Number: ED 08-10

**CITY OF HUNTINGTON BEACH
REQUEST FOR COUNCIL/REDEVELOPMENT AGENCY ACTION**

SUBMITTED TO: HONORABLE MAYOR/CHAIRMAN AND CITY COUNCIL MEMBERS/REDEVELOPMENT AGENCY MEMBERS

SUBMITTED BY: PAUL EMERY, Interim Executive Director/City Administrator 

PREPARED BY: STANLEY SMALEWITZ, Deputy Executive Director/Director of Economic Development 

SUBJECT: Conduct a TEFRA Public Hearing, Adopt Resolution for the Issuance of Bonds, and Pre-Commitment of HOME/RDA funds for the Pacific Court Apartments.

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: The City Council is asked to approve the Resolution authorizing issuance of Bonds and the Agency Board is asked to approve a pre-commitment of Federal HOME Investment Partnership Funds and Redevelopment Housing Set Aside funds for the acquisition and rehabilitation of Pacific Court Apartments located at 2200-2222 Delaware Street.

Funding Source: No funds from the City or Redevelopment Agency are currently requested at this time. The Resolution will authorize the California Statewide Communities Development Authority (CSCDA) to issue Multifamily Housing Revenue Bonds in the anticipated amount of \$10,000,000 for the acquisition and rehabilitation of the Pacific Court Apartments (Pacific Court). In addition, Federal HOME Investment Partnership Funds and Redevelopment Housing Set Aside funds in an amount not to exceed \$500,000 and \$8.8 million respectively, will be used for the acquisition and rehabilitation of Pacific Court. At a later date, staff will submit for approval agreements that will delineate the details of the assistance to be provided. All bond payments and security will be supported by the project. The City will have no pecuniary liability for the bonds.

Recommended Action: Motion to:

Resolution No. 2008-21

City Council Actions:

1. Open the TEFRA public hearing, take testimony, and close the public hearing on the proposed issuance of Multifamily Housing Revenue Bonds.

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REQUEST FOR COUNCIL/REDEVELOPMENT AGENCY ACTION

MEETING DATE: March 17, 2008

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Recommended Action: (Cont'd)

2. Adopt Resolution Number 2008-21, a Resolution of the City Council of the City of Huntington Beach Approving the Issuance of Bonds by the California Statewide Communities Development Authority Relating to the Financing of the Pacific Court Apartments.

3. Approve a pre-commitment of HOME funds in an amount not to exceed \$500,000, authorize the Interim City Administrator to execute documents confirming this commitment, and direct staff to move forward with the preparation of an OPA that will delineate the specific terms of the financial assistance to be provided for the Pacific Court Apartments.

Redevelopment Agency Action:

1. Approve a pre-commitment of RDA funds in an amount not to exceed \$8.8 million, authorize the Executive Director to execute documents confirming this commitment, and direct staff to move forward with the preparation of an OPA that will delineate the specific terms of the financial assistance to be provided for the Pacific Court Apartments.

Alternative Action(s): Do not approve the proposed resolution for the issuance of bonds and direct staff not to move forward with the aforementioned agreements.

Analysis: The 48-unit Pacific Court Apartments have been the focus of code enforcement and City Attorney actions due to resident complaints and noticeable code violations over the past several years. The owner of the property had attempted to mitigate and address the numerous resident complaints and code enforcement actions on his own, but has been unable to address and correct all the problems. Most recently, the City Attorney's office had taken the pending code enforcement citations to court to require the owner to correct the noted deficiencies. Orange Housing Development Corp. (OHDC) and C&C Development LP, along with several other nonprofit developers, were contacted by the owner's broker to offer them the property. Based on a review of the proposal by staff and Keyser Marston Associates, the proposal was determined to be fiscally sound.

In addition, the proposal met the Agency's Housing Strategy and City's proposed Housing Element. OHDC and C&C Development have worked together since 1990 to provide affordable communities throughout Orange County and the State of California. Together and/or individually, they have developed new and/or acquired and rehabilitated over 3,100 units. In the City of Huntington Beach, OHDC built, owns, and manages the 20-unit Bowen Court senior apartment project located adjacent to City Hall at 1978 Lake Street.

OHDC is a non-profit 501 (c) (3) organization with a commitment to develop secure, clean, and attractive housing for families and seniors of low and moderate incomes. OHDC was founded in 1990 to increase the number of affordable housing units in California and to fill the

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void that cannot be filled by the private sector. OHDC is a Community Housing Development Organization (CHDO). C & C Development LP is an affordable housing developer with a commitment to develop and preserve quality affordable housing communities. By combining both entities respective experiences, talents, and personnel, we are able to provide to our residents and the City a higher level of expertise and quality of development.

OHDC and C&C Development LP are currently in escrow to acquire the property contingent on obtaining permanent financing for the acquisition and the proposed rehabilitation of the property. The apartments were built circa 1964 and have experienced accelerated deterioration due to the lack of proper maintenance over the years. As part of the overall rehabilitation plan for the Pacific Court Apartments, OHDC and C&C will be doing work to the interiors of the units to repair damaged walls, flooring, heating/cooling systems, plumbing, appliances, and other work as needed. The exterior of the buildings will also have wall repairs, new stucco and/or other finish, roof replacement, new dual pane low E windows, new garage doors, and other work as needed. The pool will be removed and replaced with drought tolerant landscaping. Green building materials, energy star appliances, instant hot water heaters or solar water heaters, solar energy panels, and other energy efficient materials will be used to rehabilitate the apartments.

The City Council's adoption of the Resolution and the Agency's Board approval of the pre-commitment of HOME and RDA funds will allow the developer to proceed with the application for the State tax credits and issuance of bonds.

Strategic Plan Goal: This project will help meet the City of Huntington Beach Strategic Plan Goal L-3, "Preserve the quality of our neighborhoods," by enhancing the quality of existing housing and providing affordable housing

Environmental Status: Categorically excluded under the National Environmental Protection Act (NEPA). Categorically exempt under the California Environmental Quality Act (CEQA), Section 15061(b)(3).

Attachment(s):

City Clerk's Page Number	No.	Description
4	1.	Adopt Resolution Number <u>2008-21</u> , a Resolution of the City Council of the City of Huntington Beach Approving the Issuance of Bonds by the California Statewide Communities Development Authority Relating to the Financing the Pacific Court Apartments.

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ATTACHMENT #1

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RESOLUTION NO. 2008-21

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH
APPROVING THE ISSUANCE OF BONDS BY THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY RELATING TO THE FINANCING OF
THE PACIFIC COURT APARTMENTS**

WHEREAS, the California Statewide Communities Development Authority, a joint exercise of powers agency consisting of California public agencies, which was created to assist in obtaining financing for projects and purposes serving the public interest (the "Authority"), proposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to exceed \$10,000,000 and to lend the proceeds thereof to Pacific Court Apartments LP, a California limited partnership established by Orange Housing Development Corporation or an affiliate thereof (the "Borrower"), to be used for acquisition, and rehabilitation of a 48-unit multifamily rental housing development commonly known as the Pacific Court Apartments located at 2200 Delaware Street in the City of Huntington Beach, California (the "Project"), to be owned and operated by the Borrower.

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, requires the City Council (the "City Council"), as the elected representative of the City of Huntington Beach (the "City"), the host jurisdiction of such facilities, to approve the issuance of the Bonds after a public hearing has been held following reasonable notice;

WHEREAS, a public hearing was held by the City Council on the 17th day of March, 2008, following duly published notice thereof, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the City Council, as the elected representatives of the City, the host jurisdiction of such facilities, approve the issuance and delivery by the Authority of the Bonds;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby approves the financing of the Project by the Authority with the proceeds of the Bonds.

Section 3. The issuance and delivery of the Bonds shall be subject to approval by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Bonds by the Authority to the purchasers thereof.

Section 4. The Bonds will be paid entirely from repayments by the Borrower. Neither the full faith and credit nor the taxing power, if any, of the City, the Authority and its members, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest with respect to the Bonds, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest with respect to the Bonds.

Section 5. The adoption of this Resolution is solely for the purpose of meeting the requirements of the provisions of the Internal Revenue Code of 1986, as amended, and shall not be construed in any other manner, with neither the City nor its staff having fully reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regards to any State of California statutory requirements, and such adoption shall not obligate, without further formal action to be taken by this City Council, including, but not limited to, the approval of the financing documents by the City Council by resolution, (i) the City to provide financing to the Borrower for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the City, or any department of the City, to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 6. The City Clerk of the City shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the public hearing notice to:

Thomas A. Downey
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

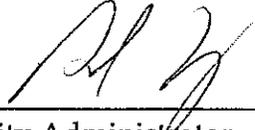
Section 7. This resolution shall take effect immediately.

* * * * *

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting held thereof on the _____ day of _____, 200_.

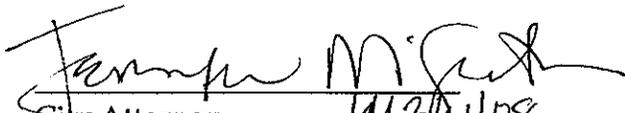
Mayor

REVIEWED AND APPROVED



City Administrator

APPROVED AS TO FORM:



City Attorney
3.4.08 M 3/4/08

KANE, BALLMER & BERKMAN
Special Counsel



Deborah Rhoads

INITIATED AND APPROVED:



Director of Economic Development

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