Atascadero City Council
Staff Report – City Manager’s Office

California Manor Purchase and Renovation Funding

RECOMMENDATION:

Council adopt the Draft Resolution approving the issuance of Multifamily Housing Revenue Bonds for the purpose of financing the acquisition and rehabilitation of California Manor.

DISCUSSION:

Michael L. Condry, Micon Real Estate, proposes to purchase and rehabilitate California Manor, a 95-unit senior congregate care facility. A letter from Mr. Condry dated April 22, 2008 that details his proposed project is attached (Attachment 3).

The City Council is being asked to adopt the Draft Resolution which would approve the issuance of multifamily housing revenue bonds by the California Statewide Communities Development Authority (“CSCDA”) for the purpose of financing the acquisition and rehabilitation of a multifamily residential housing facility (the “Project”) located in the City. The purpose of the resolution is to allow the financing to meet a requirement of the Internal Revenue Code of 1986. The adoption of this Resolution is the first step in the process of financing the proposed Project. Prior to the issuance of bonds the Project will need to receive “private activity bond” allocation from the California Debt Limit Allocation Committee and CSCDA will be required to adopt a resolution which would approve the execution and delivery of certain bond documents that would reflect the terms of the bonds.

The Internal Revenue Code of 1986 (the “Code”) requires that the “applicable elected representatives” of the jurisdiction in which a project to be financed with “private activity bonds” is to be constructed adopt a resolution approving the issuance of such “private activity bonds” after holding a public hearing which has been noticed in a newspaper of general circulation in such jurisdiction. The City Council is being asked to hold such public hearing which has been noticed as required by the Code. The proposed resolution would act as the approval by the “applicable elected representatives” with
respect to the proposed Project. The CDLAC application for “private activity bond” allocation for a multifamily housing project requires the inclusion of the approval resolution. If the City Council adopts this resolution, CSCDA will proceed with the submission to CDLAC of an application for “private activity bond” allocation for the purpose of financing the acquisition and construction of the Project.

As announced in the published notice, this hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the Project. There is no obligation on the part of the City Council to respond to any specific comments made or submitted.

The City would not be a party to the financing documents. As set forth in Section 9 of the Amended and Restated Joint Exercise of Powers Agreement of CSCDA, the debt would not be secured by any form of taxation, or by any obligation of either the City or CSCDA. Neither would the debt represent or constitute a general obligation of either the City or CSCDA. Pursuant to the governing California statutes and the JPA Agreement, a member of CSCDA is not responsible for the repayment of obligations incurred by CSCDA. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the Developer of the proposed facility. In the financing documents the Developer will also provide comprehensive indemnification to CSCDA and its members, including the City.

The City’s membership in the Authority bears with it no cost or other financing obligation, but serves as a public acknowledgement by the host jurisdiction of the project financing.

FISCAL IMPACT:

There is no fiscal impact associated with the adoption of the resolution.

ALTERNATIVES:

Decline to approve the Draft Resolution.

ATTACHMENTS:

1. Draft Resolution
2. TEFRA Hearing Requirements
4. Housing Bond Application dated March 24, 2008