

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Allan Roeder	From:	Susan Emery	
Dept:	Interim City Manager	Dept:	Community Development	
Subject:	PUBLIC HEARING - ADOPTION OF RESOLUTION APPROVING THE ISSUANCE OF BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) FOR THE BENEFIT OF GARDEN GROVE HOUSING PARTNERS, LP TO ASSIST WITH FINANCING FOR THE 47 UNIT AFFORDABLE HOUSING PROJECT AT 10882 STANFORD AVENUE AND 12741 MAIN STREET, GARDEN GROVE		Date:	April 14, 2015

OBJECTIVE

The purpose of this memorandum is to request that the City Council conduct a Public Hearing under the requirements of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, regarding the adoption of a resolution approving the issuance of Bonds by the California Municipal Finance Authority (CMFA) for the benefit of Garden Grove Housing Partners, LP to provide for the financing a proposed 47-unit affordable housing, mixed-use senior and family apartment project (Project). This project is located at 10882 Stanford Avenue and 12741 Main Street, Garden Grove. Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code, and the California Government Code Section 6500 (and following).

BACKGROUND

On January 27, 2015, City Council approved a Development Agreement with Jamboree Housing for the construction and operation of the Project. On March 10, 2015, City Council approved a preliminary award of \$3.6 million in HOME and City/Successor Agency funds to Jamboree Housing for the construction and operation of the project.

Garden Grove Housing Partners, LP has requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$12,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used

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for the acquisition, construction, improvement, and equipping of the project, to be owned and operated by the Jamboree Housing as the Borrower.

In order for all, or a portion of, the Bonds to qualify as tax-exempt bonds, the City must conduct a public hearing (the "TEFRA Hearing") providing members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to 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" (in this case, City Council) of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

DISCUSSION

The proposed development will be a new multigenerational apartment community and will provide approximately 47 one-, two-, and three-bedroom apartments for large families and seniors earning at, or below, 60% area median income. The Project will be developed and owned by Jamboree Housing through a partnership with the Garden Grove Methodist Church (Church) as the ground lessor. The community will consist of a Head Start Program building and a preschool facility, which will be owned and managed by the Church. The vacant lot will feature two three-story buildings. One building will house seniors, while the other will be dedicated to families. The Project will have a recreation center, outdoor courtyard, tot lot, and laundry facility and will provide 47 families affordable living for 55 years in the City.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Jamboree Housing, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

FINANCIAL IMPACT

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. With respect to the City, it is expected that a portion of the issuance fee attributable to the City will be granted by the CMFA to the City's General Fund. This grant may

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be used for any lawful purpose of the City. Jamboree Housing will be the beneficiary of the CMFA's charitable donation through a 25% reduction in issuance fees.

RECOMMENDATION

Staff recommends that the City Council:

- Conduct a public hearing, accept comments, regarding the adoption of the resolution approving the issuance of Bonds by the California Municipal Finance Authority for the benefit of Garden Grove Housing Partners, LP to provide for the financing of a proposed 47-unit affordable housing, mixed-use senior and family apartment project located at 10882 Stanford Avenue and 12741 Main Street, Garden Grove; and
- Adopt the attached resolution in favor of the issuance of the Bonds by the CMFA.

for 
SUSAN EMERY
Assistant City Manager

Allison Mills

By: Allison Mills
Neighborhood Improvement Manager

Attachment: Resolution

Approved for Agenda listing


Allan L. Roeder
Interim City Manager

CITY COUNCIL RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF THE GARDEN GROVE UNITED METHODIST CHURCH PROJECT AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Garden Grove Housing Partners, LP, a California limited partnership (“Borrower”), has requested that the California Municipal Finance Authority (“CMFA”) participate in the issuance of one or more series of revenue bonds issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, in an aggregate principal amount not to exceed \$12,000,000 (“Bonds”) for the acquisition, construction, improvement and equipping of a 47-unit multi-family senior and family rental housing project located at 10882 Stanford Avenue and 12741 Main Street, Garden Grove California, generally known as the Garden Grove United Methodist Church Project (“Project”) and operated by EPMI; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (“Code”), the issuance of the Bonds by the CMFA must be approved by the City of Garden Grove (“City”) because the Project is to be located within the territorial limits of the City; and

WHEREAS, the City Council of the City (“City 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 CMFA has requested that the City Council approve the issuance of the Bonds by the CMFA in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance CMFA, dated as of January 1, 2004 (“CMFA Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing, including accepting and considering oral and written testimony, regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the CMFA.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Garden Grove as follows:

Section 1. The foregoing resolutions are true and correct and are a substantive part of this Resolution.

Section 2. The City Council hereby approves the issuance of the Bonds by the CMFA. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of

the Bonds by the CMFA, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) and (b) Section 4 of the CMFA Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the CMFA of all financing documents relating thereto to which the CMFA is a party. The City shall have no responsibility or liability, financially, legally, ethical or otherwise, whatsoever with respect to the Bonds. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City, or any department of the City, or any other governmental entity formed or governed by the City, including without limitation the Garden Grove Housing Authority, to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds or in kind consideration whatsoever to the CMFA; or (iv) take any further action with respect to the CMFA or its membership therein.

Section 5. The officers of the City, in particular the Interim City Manager and his authorized representatives, are hereby authorized and directed, jointly and severally, to do and take any and all actions necessary to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

Section 6. This Resolution shall take effect immediately upon its adoption; and the City Clerk shall certify to its adoption.

PASSED AND ADOPTED by the City Council of the City of Garden Grove this ____ day of _____, 2015.

AYES:

NOES:

ABSTAIN:

ABSENT:

[SEAL]

Attest:

By: _____
City Clerk