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County of El Dorado

Legislation Details (With Text)

File #:	11-0377 **Version:** 1		
Type:	Agenda Item	**Status:**	Adopted
File created:	4/4/2011	**In control:**	Board of Supervisors
On agenda:	4/12/2011	**Final action:**	4/12/2011
Title:	HEARING - Supervisor Norma Santiago, on behalf of the City of South Lake Tahoe, recommending the Board hold a public hearing and adopt a Resolution approving the issuance of Multi-Family Housing Revenue Bonds, not to exceed $11,000,000, for the purpose of financing the acquisition, construction and development of the Aspens at South Lake Tahoe, a 48-unit multifamily rental housing project located at 3521 and 3541 Pioneer Trail, South Lake Tahoe, California. (Est. Time: 15 Min.) Resolution 058-2011		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. SLTAspensBondHearingRequestO'Rourke, 2. SLTAspensBondHearingRequestCSCDA, 3. SLTAspensBondHearingStaffReport, 4. SLTAspensBondHearingPublicNotice, 5. SLTAspensBondApplication, 6. SLTAspensBondResolutionFinal, 7. Aspens at Southlake Proof of Publication.pdf, 8. Fully executed Resolution 058-2011		

Date	Ver.	Action By	Action	Result
4/12/2011	1	Board of Supervisors	Adopted	Pass

HEARING - Supervisor Norma Santiago, on behalf of the City of South Lake Tahoe, recommending the Board hold a public hearing and adopt a Resolution approving the issuance of Multi-Family Housing Revenue Bonds, not to exceed $11,000,000, for the purpose of financing the acquisition, construction and development of the Aspens at South Lake Tahoe, a 48-unit multifamily rental housing project located at 3521 and 3541 Pioneer Trail, South Lake Tahoe, California. (Est. Time: 15 Min.)

Resolution 058-2011

This is a public hearing to consider adopting a resolution to approve the issuance by the California Statewide Community Development Authority of (Multi-Family Housing) Revenue Bonds in one or more series from time to time in an aggregate principal amount not to exceed $11,000,000 for the purpose of financing the acquisition, construction and development of a 48-unit multifamily rental housing project located at 3521 and 3541 Pioneer Trail, South Lake Tahoe, California, generally known as The Aspens at South Lake (the “Project”) and operated by Cambridge Real Estate Services. The bonds, if issued, will not be a liability of the County nor any of its agencies. All costs associated with the issuance and repayment of the bonds will be borne by the partnership.

OVERVIEW

The project known as The Aspens at South Lake Tahoe has been in predevelopment phase for approximately four years. The project includes 48-units of affordable housing and has been approved for funding by the State of California Department of Housing and Community Development in an amount up to $5.1 million dollars and by the South Lake Tahoe Redevelopment Agency in an amount up to $2.1 million dollars (see attachments).

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The project developers, “Pacific West Communities, Inc. is a privately owned real estate development and financing firm specializing in the construction and rehabilitation of senior and family communities. Pacific West Communities has developed over 80 family and senior apartments throughout California, Arizona, New Mexico, Colorado, Utah, Nevada, Wyoming, Montana, Idaho, Oregon, and Washington.

Based on initial estimates, Pacific West Communities expects to invest approximately $16.0 million in the construction of the property. In order to complete the acquisition and construction of The Aspens at South Lake Apartments project, Pacific West Communities intends to form a partnership with California Statewide Communities Development Authority (CSCDA) to construct The Aspens in the City of South Lake Tahoe. The partnership has proposed that the costs of the acquisition and construction be financed with the proceeds of tax-exempt bonds to be issued by CSCDA. In order for the bonds to be tax-exempt, the Internal Revenue Code requires that the local jurisdiction hold a Tax Equity and Fiscal Responsibility Act (“TEFRA”) public hearing regarding the issuance of the bonds and the construction of the housing facility with proceeds of the bonds, and adopt a resolution approving the issuance of the bonds by CSCDA. The County currently is a member of CSCDA.

CSCDA

The California Statewide Communities Development Authority is a California joint exercise of powers authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following), and is sponsored by the League of California Cities and the California State Association of Counties. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement.

With respect to CSCDA, more than 500 California cities, counties and special districts, including the County of El Dorado, have entered into and executed the Agreement to become a member of the Authority. CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

PUBLIC HEARING

Section 147(f) of the Internal Revenue Code of 1986 requires that, in order for the interest on a private activity bond to be excluded from the gross income of the owner of the bond (ie. tax-exempt), an "applicable elected representative" of the governmental unit issuing the bond must approve the issuance of the bond after a public hearing following reasonable public notice. The proposed bond issue by CSCDA (the proceeds of which will be used by CSCDA to make a loan to the partnership that will acquire and construct the Aspens of South Lake Tahoe) is classified as a private activity bond for purposes of the Code. Section 147(f)(2)(E)(ii) of the Code provides that a governmental unit with elected representative and jurisdiction over the area in which the project to be financed is located, in this case the County Board of Supervisors, is an "applicable elected representative" with respect to the bond issue.

This required public hearing could be held either in the City of South Lake Tahoe or in El Dorado County. A letter sent by the South Lake Tahoe City Manager and approved by the South Lake Tahoe City Council at their April 5, 2011 Council meeting requests and consents to the public hearing be held in El Dorado County at the April 12, 2011 Board of Supervisors public meeting in order to meet

required public noticing and hearing date deadlines and to provide a wide public audience to be notified of proposed issuance of the bonds.

NO FINANCIAL OBLIGATION OR COST TO COUNTY

Bond Counsel for the proposed bond issue, Orrick, Herrington, & Sutcliffe, LLP has prepared a notice of the public hearing, which was published in appropriate local newspapers of wide distributions on or before Tuesday, March 29, 2011. Bond Counsel has advised that the County will incur no obligation whatsoever by reason of its holding of the public hearing and approval of the issuance of the bonds by CSCDA.

AFFORDABILITY

100% of the units at The Aspens at South Lake Apartments will be reserved for tenants whose incomes are at or below 50% of the Area Median Income. The owners will record 55 year affordability covenants on the property.

PROJECT SUPPORT & ATTACHMENTS

Copies of the Resolution and Pacific West Community Application for Bond Financing are attached and on file with the Board Clerk.

Copies of the letter submitted by the South Lake Tahoe City Manager and staff report to the City Council regarding same letter are attached and on file with the Board Clerk.

Copies of the award letter from the State of California Department of Housing and Community Development awarding the project a total of $5.1 million dollars in HOME funds (10-HOME-6347) are attached and on file with the Board Clerk.

Copies of adopted Resolutions of South Lake Tahoe City Council (2011-14) and South Tahoe Redevelopment Agency (2011-1) authorizing submittal of financing applications, and additional funding are attached and on file with the Board Clerk. The City of South Lake Tahoe has held numerous public hearings as the project has moved forward. In addition, pubic hearings were held by the Tahoe Regional Planning Agency and the South Tahoe Public Utility District in all cases the project received appropriate approvals and in the case of the South Tahoe Public Utility District received a fee deferral as short-term financial support for the project.

RECOMMENDATION

Supervisor Norma Santiago, with the City of South Lake Tahoe City Council and staff, recommends the Board of Supervisors hold the public hearing and adopt the enclosed resolution approving the issuance of bonds by CSCDA to finance the acquisition and construction of The Aspens at South Lake Apartments.

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