



County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

June 17, 2002

Agenda: June 25, 2002

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Request the Board of Supervisors to Set for August 13, 2002, the TEFRA Public Hearing to Approve a Request to CDLAC for an Allocation of Tax-exempt Bond Authority to Finance the Pajaro Lane Project.

Dear Members of the Board:

South County Housing Inc., the developers of the Pajaro Lane affordable housing project, would like to submit a request to the California Debt Limit Allocation Committee ("CDLAC") for a State allocation of tax-exempt bond authority to provide financing for the Pajaro Lane project. One prerequisite requirement for application submittal is that a scheduling of a local public hearing must occur before the application filing deadline of July 17th. The actual Board hearing must be held before CDLAC makes its allocations in September. The purpose of this letter, therefore, is to request that the Board of Supervisors set the public hearing on this matter for August 13, 2002.

Background

Scheduling a public hearing is required by TEFRA (Federal Tax Equity and Fiscal Reform Act, 1982). TEFRA also requires that, in order for the bond to be tax-exempt, an "applicable elected representative" must approve the issuance of the bond after a public hearing following reasonable public notice. The bond will most likely be issued through the ABAG Finance Authority for Nonprofit Corporations. Because the ABAG Authority's Governing Board is not an elected body, TEFRA provides that bond issuance must be approved by the elected representatives of the jurisdiction where the financed project is located - in this case the Santa Cruz County Board of Supervisors. Therefore, the public hearing, otherwise known as a "TEFRA hearing," discusses giving permission to the ABAG Authority to issue the bond - the proceeds of which will be used to finance the Pajaro Lane project.

No Risk to the County

It should be noted and as you may be aware, the ABAG Authority is an independent political body, separate and apart from its members and associate members. The County will not be exposed to any liability by conducting the public hearing. Bond issuance will not impact the County's appropriations limits and will not constitute any debt of the County. No property of the County will be used as security and the bondholders will have no recourse against the County if there is a default on the repayment of bond loan. The bond will be paid by project revenues and will be secured by a deed of trust on the property. Bond documents expressly provide that the bond is payable by the owner of the housing facilities being financed, and that no public agency has any obligation to use its own funds to repay the bond. Once the County holds the required public hearing, no other official participation of the County in the financing process will be required.

Public Hearing Procedures

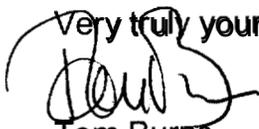
Once the Board approves setting an August 13, 2002 date for the **TEFRA** public hearing, staff will prepare a Notice of Public Hearing and will arrange for publication of the Notice at least two weeks prior to the hearing. After the Notice has been published, the Board of Supervisors on August 13, 2002 needs to complete the public approval requirements by opening the public hearing, taking testimony from anyone desiring to be heard on the matter, closing the public hearing, and adopting (by at least a simple majority of those voting) the approving Resolution. Once the hearing has been held and the Resolution has been adopted, a certified copy of the Resolution will need to be submitted to CDLAC.

Recommendation

It is therefore **RECOMMENDED** that the Board of Supervisors of the County of Santa Cruz take the following actions:

1. Set a public hearing on August 13, 2002 for a "TEFRA hearing," to take testimony from anyone desiring to be heard on the proposed approval of a request to CDLAC for an Allocation of Tax-exempt Bond Authority, not issued through the County, to finance the Pajaro Lane project; and,
2. Direct the Clerk of the Board to provide adequate public notice of the hearing.

Very truly yours,

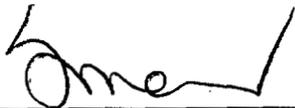


Tom Burns

Redevelopment Agency Administrator

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RECOMMENDED:



Susan A. Mauriello

cc. RDA

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