



County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

July 24, 2002

Agenda: August 13, 2002

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

Public Hearing to Approve a Request to CDLAC for an Allocation of Tax-exempt Bond Authority to Finance the Pajaro Lane - Corralitos Creek Project.

Dear Members of the Board:

South County Housing Inc., the developers of the Pajaro Lane (now named Corralitos Creek) affordable housing project, is requesting from the California Debt Limit Allocation Committee ("CDLAC") an allocation of tax-exempt bond authority allowing the issuance of bonds as a method to raise additional financing for the project. A local public hearing on this issue must occur before CDLAC makes its allocations in September. On June 25, 2002 your Board approved setting the public hearing for today. The purpose of this letter, therefore, is to request that the Board of Supervisors hold a public hearing on this matter and adopt a resolution approving issuance of the Bonds by the ABAG Authority in the amount of \$7,200,000, to help finance the Corralitos Creek project.

Background

As you know, the County will not be exposed to any liability by conducting the public hearing. Bond issuance will not constitute any debt of the County and no property of the County will be used as security. Instead, the bond will be paid by project revenues and will be secured by a deed of trust on the project property. Additionally, bond documents state that payment is made 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.

Discussion

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 is actually issued through the ABAG

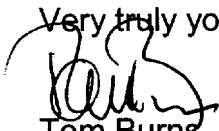
Finance Authority for Nonprofit Corporations. Because the ABAG Authority's Governing Board is not an elected body, TEFRA provides that bond issuance must be approved by the elected representatives of the jurisdiction where the financed project is located - in this case, the Santa Cruz County Board of Supervisors. Therefore, this public hearing, otherwise known as a "TEFRA hearing," will ultimately provide permission to the ABAG Authority to issue the bond - the proceeds of which will be used to finance the Corralitos Creek project. After closing the public hearing and adopting the attached resolution today, no other official participation of the County in this financing process will be required. 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. Open a public 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 issued through the ABAG Finance Authority to finance the Corralitos Creek project; and,
2. Adopt a Resolution declaring that issuance of the Bonds by the ABAG Authority in the amount of \$7,200,000, for the purposes described, is approved.

Very truly yours,



Tom Burns

Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

Attachment

cc. **RDA**

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ATTACHMENT 1

**BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA**

RESOLUTION NO. ____

On the motion of Supervisor _____ duly seconded by Supervisor _____ the following resolution is adopted:

**RESOLUTION APPROVING EXECUTION AND DELIVERY BY THE ABAG
FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS OF THE ISSUANCE OF
BONDS RELATING TO THE CORRALITOS CREEK APARTMENTS**

WHEREAS, the ABAG Finance Authority for Nonprofit Corporations, (the "Authority") was created to assist nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest and is authorized to issue and sell revenue bonds for the purpose of financing multifamily rental housing developments; and

WHEREAS, representatives of South County Housing Corporation have requested that the Authority issue and sell revenue bonds in the maximum principal amount of \$7,000,000 (the "Bonds") for the purpose of making a loan to Corralitos Creek Associates, L.P., a California Limited Partnership, in which South County Housing Corporation or another entity related to South County Housing Corporation is a partner (the "Developer"), to enable the Developer to finance the costs of acquisition and construction of a 65 unit apartment project to be known as Corralitos Creek Apartment (the "Development") located on a currently vacant parcel of land located in the unincorporated area of the County of Santa Cruz, California (the "County") on the northeast and northwest corners at the intersection of Airport Boulevard and Pajaro Lane; and

WHEREAS, as required by the Internal Revenue Code of 1986, as amended (the "Code"), a portion of the housing units in the Development will be rented to persons and families of low income; and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Code requires the Board of Supervisors (the "Board"), as the elected representative of the County, to approve the issuance of the Bonds after a public hearing has been held following reasonable notice and approve the issuance of the Bonds following such hearing; and

WHEREAS, the Authority has determined that the Board of Supervisors of the County is an "applicable elected representative" to hold said public hearing; and

WHEREAS, following a duly published notice of a public hearing as required by the Code, a public hearing was held by the Board on the 13th day of August, 2002, at the Board's meeting which commenced at the hour of 9:00 a.m., in the Board Chambers, at 701 Ocean Street, Santa Cruz,

California, at which all interested persons were given an opportunity to be heard on all matters relative to the financing of the Project and the Authority's issuance of the Bonds 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 Board of Supervisors approve the issuance and delivery by the Authority of the Bonds for the aforesaid purposes; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Santa Cruz County hereby approves the issuance of the Bonds by the Authority in the maximum principal amount of \$7,200,000, for the purposes described above.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 13th day of August, 2002 by the following vote:

AYES:

NOES:

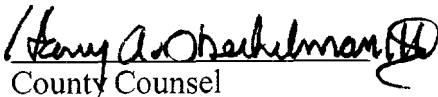
ABSENT:

CHAIRPERSON OF THE BOARD OF SUPERVISORS

ATTEST:

Clerk of said Board

Approved as to form:


County Counsel

Distribution: Auditor Controller
County Counsel
Treasurer/Tax Collector
County Administrative Officer
Redevelopment Agency

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