

STAFF REPORT

City of Lancaster

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5/28/2024
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Date: May 28, 2024

To: Mayor Parris and City Council Members

From: Larissa De La Cruz, Director - Community Development
Lisa Anderson, Analyst - Housing

Subject: TEFRA Hearing/Approval of Exempt Facility Bonds for Caritas Affordable Housing

Recommendations:

Adopt Resolution No. XX pursuant to Section 147(f) of the Internal Revenue Code of 1986 approving the issuance of tax-exempt revenue bonds (the “Bonds”) by the California Municipal Finance Authority (the “CMFA”) in an aggregate principal amount not to exceed \$166,000,000 for the purpose of financing and refinancing the acquisition and improvement of the acquisition, construction, improvement and equipping of certain properties consisting of mobile home parks and an apartment complex (the “Project”).

Fiscal Impact:

There is no financial impact. The City itself is not issuing the Bonds, is not obligated to repay the Bonds and is not pledging or otherwise committing any of the City’s revenue or other assets to secure repayment of the Bonds. The Bonds are payable solely from revenue received pursuant to the terms and provisions of certain financing agreements to be executed by the developer.

Background:

One or more California limited liability companies (“LLCs”), whose sole member is or will be Caritas Affordable Housing, Inc. (the “Corporation” and, together with the LLCs, the “Borrowers”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), have requested that the CMFA participate in the issuance of one or more series of tax exempt revenue bonds in a maximum aggregate principal amount not to exceed \$166,000,000 (the “Bonds”), pursuant to a plan of financing, to: (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority’s outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the “2014A Bonds”),

and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the “2014B Bonds” and, together with the 2014A Bonds, the “2014 Bonds”), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the “Project”).

The term “2024 New Money Project” means all or a portion of the costs of: (a) the acquisition, construction, improvement and equipping of property located at 220 Camino Corto, Vista, California 92083 (the “Estrella Apartment Project”) and at 2441 South El Camino Real, San Clemente, California 92672 (the “San Clemente Project”); (b) certain capital expenditures for the properties comprising the 2014 Project, including, but not limited to, the replacement of asphalt surfaces in and about such properties (the “Improvement Project”); and (c) certain working capital expenditures as permitted by the Code and the Treasury Regulations promulgated thereunder.

The term “2014 Project” means financing and refinancing all or a portion of the costs of the acquisition, construction, improvement and equipping of: (a) a 285-space mobile home park known as Valley Village Mobile Home Park, located at 6401 Country Club Drive, Rohnert Park, California 94928 (the “2014 Valley Village Project” and, together with the portion of the Improvement Project at the 2014 Valley Village Project, the “Valley Village Project”); (b) a 67-space mobile home park known as Sterling Shores Estates Manufactured Housing Community, located at 5830 Robin Hill Drive, Lakeport, California 95453 (the “2014 Sterling Shores Project” and, together with the portion of the Improvement Project at the 2014 Sterling Shores Project, the “Sterling Shores Project”); (c) a 123-space mobile home park known as Desert Sands Estates Mobile Home Park, located at 4511 25th Street East, Lancaster, California 93535 (the “2014 Desert Sands Project” and, together with the portion of the Improvement Project at the 2014 Desert Sands Project, the “Desert Sands Project”); (d) a 164-space mobile home park known as Aztec Mobile Home Estates, located at 7425 Church Street, Yucca Valley, California 92284 (the “2014 Aztec Project” and, together with the portion of the Improvement Project at the 2014 Aztec Project, the “Aztec Project”); (e) a 100-space mobile home park known as Rancho Brea Mobile Home Estates, located at 1414 West Central Avenue, Brea, California 92821 (the “2014 Rancho Brea Project” and, together with the portion of the Improvement Project at the 2014 Rancho Brea Project, the “Rancho Brea Project”); (f) a 465-space mobile home park known as Friendly Village Mobile Home Park, located at 1301 East Avenue 1, Lancaster, California 93535 (the “2014 Friendly Village Project” and, together with the portion of the Improvement Project at the 2014 Friendly Village Project, the “Friendly Village Project”); (g) a 264-space mobile home park known as Hacienda Mobile Estates, located at 2330 East Avenue J 8, Lancaster, California 93535 (the “2014 Hacienda Project” and, together with the portion of the Improvement Project at the 2014 Hacienda Project, the “Hacienda Project”); (h) a 107-space mobile home park known as Estrella De Oro, located at 220 Camino Corto, Vista, California 92083 (the “2014 Estrella Project” and, collectively with the portion of the Improvement Project at the 2014 Estrella Project and the Estrella Apartment Project, the “Estrella Project”); and (i) a 159-space mobile home park known as Vista Manor Mobile Home Park, located at 200 Olive Avenue, Vista, California 92083 (the “2014 Vista Manor Project” and, together with the portion of the Improvement Project at the 2014 Vista Manor Project, the “Vista Project”).

The Borrower requests that the City approve CMFA’s issuance of the Bonds in order to finance the above-mentioned project. The Bonds will be tax-exempt private activity bonds for purposes of the Internal Revenue Code and, as such, require the approval of the elected body of the governmental entity having jurisdiction over the area where the project to be financed is located. In order for the City to approve CMFA’s issuance of the Bonds, the City must conduct a

Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing to allow for public comment on the use of the tax-exempt bond financing. Notice of the TEFRA hearing was published in the Antelope Valley Press, a newspaper of general circulation in the community, on May 21, 2024, and the public hearing is scheduled for May 28, 2024.

The City has a significant interest in the success of these projects. Therefore, staff recommends adoption of this resolution in order to approve the CMFA’s issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986. Adoption of this resolution does not establish or warrant in any manner the creditworthiness or repayment of the Bonds.

LA/js

Attachment:
Resolution No.