

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

ISSUANCE OF BONDS FOR PARK APPLE VALLEY APARTMENTS

SUMMARY STATEMENT

The California Statewide Communities Development Authority (Authority), of which the Town of Apple Valley is a member jurisdiction, is authorized by the State of California to execute and deliver multifamily housing revenue obligations for the purpose of financing the acquisition, construction and rehabilitation of multifamily residential rental facilities which are to be occupied, in part, by very low and low income tenants.

Bettencourt Properties, Inc., has submitted to the California Statewide Communities Development Authority an application for the financing of the acquisition and rehabilitation of Park Apple Valley Apartments, a 22 two bedroom unit multifamily project located at 13263 Navajo Road. Financing proceeds would be used to make necessary improvements which may include new roofing, paint, lighting, HVAC and other health and safety items.

In order to initiate such a financing, the member participant (Town) in which the facilities are located must conduct a public hearing and approve the Authority's issuance of indebtedness. Therefore, although the Authority will be the issuer of the tax-exempt revenue obligations for the Applicant, the financing cannot proceed without the Town of Apple Valley's approval of the financing and adoption of a resolution. The adoption of the resolution does not obligate the Town to provide financing, nor does it imply that the Town has fully reviewed or considered the financial feasibility of the project.

Recommended Action:

That the Town Council adopt Resolution No. 2008-25, approving the issuance of multifamily housing revenue bonds for the purpose of financing the acquisition and rehabilitation of the Park Apple Valley Apartments.

Proposed by: Director of Economic & Community Development **Item Number** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

The 22-unit rental project is comprised of one (1) manager’s unit, 14 units that are accessible to low income families with incomes at 60% or less of median income, and 7 units that are accessible to very low income families with incomes at 50% or less of median income. This project appears to conform to our Regional Housing Needs Assessment (RHNA) requirements. In addition, Bettencourt Properties has indicated a commitment to enter into an agreement with the Town of Apple Valley, at a later date, in order to have the appropriate covenants placed on the project to ensure affordability pursuant to the State’s standards. The result would provide the Town with 21 additional reportable units of affordable housing in reporting accomplishments to the State Housing and Community Development Department (HCD).

Bettencourt Properties is an experienced owner and manager of affordable housing rental properties and proposes to finance acquisition and rehabilitation of five other properties in conjunction with the property in Apple Valley under this financing request. Approval of this project would result in maintaining and upgrading an existing affordable multifamily housing project and would provide Apple Valley with 21 additional RHNA units with no additional required investment on the part of the Town.

A copy of the Housing Bond Application and a Letter of Commitment indicating Bettencourt’s willingness to enter into an agreement with the Town in order to place necessary covenants to guarantee affordability in accordance with RHNA standards is attached for your information.

Staff recommends adoption of the attached resolution.

RESOLUTION NO. 2008-25

**RESOLUTION OF THE COUNCIL OF THE TOWN OF APPLE VALLEY
APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE
BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION AND
REHABILITATION OF THE PARK APPLE VALLEY APARTMENTS**

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized by the laws of the State of California (the "Law") to execute and deliver multifamily housing revenue obligations for the purpose of financing the acquisition, construction and rehabilitation of multifamily residential rental facilities located within the area of operation of the Authority which are to be occupied, in part, by very low and low income tenants; and

WHEREAS, Bettencourt Properties, Inc. or a limited liability company or other limited partnership to be formed by Bettencourt Properties, Inc. (the "Borrower") has requested the Authority issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$1,000,000 (the "Obligations"), the proceeds of which may only be used for the purpose of financing the acquisition and rehabilitation of a 22-unit multifamily residential rental facility commonly known as the Park Apple Valley Apartments (the "Project") located at 13263 Navajo Road in the Town of Apple Valley, California (the "Project"); and

WHEREAS, the Obligations which are expected to be issued and delivered to finance the acquisition and rehabilitation of the Project would be considered "qualified exempt facility bonds" under Section 142 (a) of the Internal revenue Code of 1986, as amended (the "Code"), and Section 147(f) of the Code requires that the "applicable elected representative" with respect to the Project hold a public hearing on the issuance and delivery of the Obligations; and

WHEREAS, the Council of the Town of Apple Valley as the "applicable elected representatives" to hold said public hearing, has held said public hearing at which all those interest in speaking with respect to the proposed financing of the Project were heard.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Council hereby finds and determines that the foregoing recitals are true and correct.
2. For purposes of the requirements of the Code only, the Council hereby approves the proposed financing of the Project by the Authority with the proceeds of the Obligations.
3. The issuance and delivery of the Obligations shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Obligations by the Authority.

4. The adoption of this Resolution is solely for the purpose of meeting the requirements of the Code and shall not be construed in any other manner, the Town nor its staff having fully reviewed or considered the financial feasibility of the Project or the expected financing or operation of the Project with regards to any State of California statutory requirements, and such adoption shall not obligate (i) the Town to provide financing to the Borrower for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Town, of or any department of the Town, to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

5. The Town Clerk of the Town shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the public hearing notice to:

Thomas A. Downey
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

6. This resolution shall take effect upon its adoption.

PASSED APPROVED AND ADOPTED this 10th day of June, 2008.

Mayor

ATTEST:

Town Clerk

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Council of the Town of Apple Valley at its regular meeting on June 10, 2008, will hold a public hearing and consider approval of the issuance by the California Statewide Communities Development Authority of multifamily housing revenue bonds in the aggregate principal amount of approximately \$1,000,000, the proceeds of which will be applied to the financing of the acquisition and rehabilitation of a 22-unit multifamily residential rental facility commonly known as the Park Apple Valley Apartments (the "Project") located at 13263 Navajo Road in the Town of Apple Valley, California.

The owner of the Project will be Bettencourt Properties, Inc. or a limited liability company or other limited partnership to be formed by Bettencourt Properties, Inc.

All those interested in matters related to the issuance of the revenue bonds are invited to attend and be heard at the meeting, which will commence at _:00 p.m., and will be held in Council Chambers, located at 14955 Dale Evans Parkway, Town of Apple Valley, California. If you have any questions regarding this matter, please call Terrence Murphy of the California Statewide Communities Development Authority, at (925) 933-9229.

By: /s/ LaVonda M. Pearson, CMC
Town Clerk

Dated: May __, 2008

**[to be published once in the local paper, publication to occur no later than
14 days prior to the hearing date]**

June 3, 2008

Ken Henderson
Director of Economic and Community Development
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307
760-240-7910

Dear Ken:

This letter shall serve to memorialize that Bettencourt Properties, Inc. (the "Sponsor"), as sponsor of the acquisition and rehabilitation of Apple Valley Apartments, agrees to enter into a Affordable Housing Regulatory Agreement with the Town of Apple Valley Redevelopment Agency (the "Agency") in a form reasonably required by the Sponsor and the Agency and shall comply with California Community Redevelopment Law.

Notwithstanding any of the foregoing, such agreement shall not conflict with any other agreements or requirements of other funding sources participating in the project.

Sincerely,



Cory Bettencourt
Representative of Bettencourt Properties, Inc.



Building Communities, Investing in Local Government Since 1988

May 8, 2008

VIA EMAIL

Emily Wong
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Re: Public Hearing request for Park Apple Valley Apartments

Dear Emily:

Bettencourt Properties, Inc. (the "Applicant") has submitted to the California Statewide Communities Development Authority (the "Authority") an application (the "Application") for the financing of the acquisition and rehabilitation of a multi-family housing facility (the "Project") through the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$1.0 million. The Project is located in the Town of Apple Valley at 13263 Navajo Road, as described in the attached application. The purpose of this letter is to request the assistance of the Town of Apple Valley in conducting on Tuesday, June 10th, 2008 a public hearing with respect to the proposed financing.

As you are aware, the Authority is a joint exercise of powers authority consisting of numerous California cities, counties and special districts, including the Town of Apple Valley. The Authority pursuant to its Amended and Restated Joint Exercise of Powers Agreement is authorized to assist in the financing of facilities for multi-family housing. In order to initiate such a financing, the member participant of the Authority in which the proposed facilities will be located must (i) conduct a public hearing and (ii) approve the Authority's issuance of indebtedness. Therefore, although the Authority will be the issuer of the tax-exempt revenue obligations for the Applicant, the financing cannot proceed without the Town of Apple Valley's approval of the financing.

I have attached for your review a copy of the Application filed with the Authority. You will be receiving shortly a letter from Tom Downey of Jones Hall, serving as bond counsel, describing the public hearing process and the requirements under state and federal laws, including the Tax Equity and Fiscal Responsibility Act (TEFRA). This letter will include for your review the form of Notice of Public Hearing and the form of Town Council Resolution evidencing that the Town has approved of the financing.

Founding Co-Sponsors:



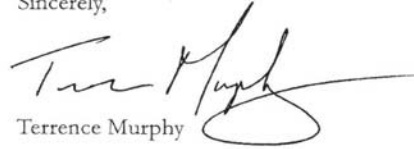
LEAGUE
OF CALIFORNIA
CITIES

2033 North Main Street, Suite 700 • Walnut Creek, California 94596
800.635.3993 • 925.933.9229 • Fax 925.933.8457 • info@cacomunities.org • www.cacomunities.org

May 8, 2008

Thank you for your attention to the matter. Please contact me at your earliest convenience to discuss the Town's willingness in the scheduling of such public hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Terrence Murphy". The signature is fluid and cursive, with a large loop at the end of the last name.

Terrence Murphy

CC : Tom Downey; Jones Hall; tdowney@joneshall.com

Enclosures