



City of Loma Linda Official Report

Rhodes Rigsby, Chairman
Ovidiu Popescu, Vice-Chairman
Stan Brauer, Member
Ronald Dailey, Member
Phillip Dupper, Member

HOUSING AUTHORITY AGENDA: May 22, 2012
TO: Housing Authority Members
VIA: T. Jarb Thaipejr, Executive Director
FROM: Pamela Byrnes-O'Camb, Secretary
SUBJECT: Minutes of May 8, 2012

Approved/Continued/Denied By: Housing Authority Date _____
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RECOMMENDATION

It is recommended that the Housing Authority Board approve the Minutes of May 8, 2012.

Loma Linda Housing Authority

Minutes

Regular Meeting of May 8, 2012

A regular meeting of the Loma Linda Housing Authority was called to order by Chairman Rigsby at 7:07 p.m., Tuesday, May 8, 2012, in the City Council Chamber, 25541 Barton Road, Loma Linda, California.

Councilmen Present:	Chairman Rhodes Rigsby Vice-Chairman Ovidiu Popescu Stan Brauer Ron Dailey Phill Dupper
Councilman Absent:	None
Others Present:	Executive Director T. Jarb Thaipejr General Counsel Richard E. Holdaway

CC-2012-028

LLHA 2012-006 - Joint Public Hearing of the Loma Linda Housing Authority and City Council - LLHA Bill #R-2012-05 – pertaining to a disposition by lease and development of 50 very-low and low-income senior rental units on approximately 2.5 acres on the west side of Poplar Street north of Van Leuven Street and south of San Timoteo Creek

- a. LLHA Bill #R-2012-05 – Approving a DDA (Disposition Development Agreement) between the Loma Linda Housing Authority and 10846 Poplar Street L.P.
- b. Council Bill #R-2012-12 – Consenting to DDA between the Loma Linda Housing Authority and 10846 Poplar Street L.P.
- c. Council Bill #R-2012-21 – Intent to issue tax-exempt obligations

The Housing Authority Board was called to order with all members present. The public hearing was opened. Special Counsel Huebsch of Stradling Yocca Carlson & Rauth presented the report into evidence, stating that the Disposition Development Agreement (DDA) pertained to the development of 50 affordable housing units by a limited purpose entity organized by Corporation for Better Housing, the development of both the 44-unit and 120-unit affordable housing rental units on the east side of Poplar Street. He went on to say that the subject property became the property of the Loma Linda Housing Authority which would lease the property for \$1 per year for 65 years. Neither the City nor the Housing Authority would provide other funding. San Bernardino County will contribute \$3.5 million of HOME Funds for the project.

Mr. Huebsch indicated that the structure of the transaction would be similar to the development across the street in that there would be a ground lease, long-term covenants in favor of the City, the units would be available to 10 very-low and 39 low-income senior households and one manager's unit.

He also addressed the inducement resolution, noting that it was the intent that the City act as a conduit issuer for the project, the City would be the issuer of multi-family housing bonds which would be tax-exempt, similar to the conduit issues of the Loma Linda University Medical Center wherein the City is the conduit issuer of the bonds. The housing bonds would be privately placed, which would be the construction and permanent lender of the project; therefore there was no requirement for an official statement. Issuance of the bonds affords the developer the opportunity to refinance in a tax-exempt basis any expenses incurred between the dates of the inducement resolution and other later action. The City incurs no liability in that the developer is responsible for payment from project revenues.

Mr. Huebsch stated that a TEFRA resolution which dealt with other aspects of Federal Law and which required a public hearing would be scheduled for the City Council's May 22 meeting. He then indicated that a map of the site had been lodged with the City Clerk.

A question-and-answer period followed. Mr. Huebsch responded that the promissory note in favor of the Housing Authority was based on the difference between the cost of the site and the current market value. The repayment would be from residual receipts; 50 percent going to the developer and 50 percent would be shared by the Housing Authority and the County with the County getting the larger share because of its higher level of financial participation. At the end of the lease term, the Housing Authority or its legal successor in interest would regain fee title of the project. The deferred developer fee was \$1.1 million, also paid from the project generated revenues.

He reiterated that neither the City nor the Housing Authority had committed any funds; the cost of the project will be borne by the developer; the bonds would be a conduit issue so the City would be acting as the issuer, but the bond holder will look solely to the developer for repayment; therefore there is no exposure to the City on the cost of the project. Approval of the DDA would allow the developer to seek other funding sources as well.

City Manager Thaipejr commented that even though redevelopment agencies were eliminated by the legislature and the governor, the City is still responsible for affordable housing; therefore this project will contribute to reducing the City's obligation.

Councilman Brauer commented that the affordable housing developments have been stable and contributed to a good environment; the perception that affordable housing causes increased crime is not a reality based on the City's experience. Councilman Dupper indicated that the affordable housing projects in the City were fairly young and it was his opinion that it takes years before the community may be affected.

Mr. Huebsch noted that the Housing Authority had the ability to void the lease should property maintenance or tenant choices not conform to the agreement; thus the incentive for the developer and its management team to follow the specifics of the agreement.

Charles Brumbaugh and Justin Hardt of Corporation for Better Housing, proponent also responded to questions. Nick Calero, Field Representative for Third District Supervisor Neil Derry confirmed that the subject project was found to be one of the only viable projects to receive HOME Funds.

Mary Cooke, 25340 Mead Street spoke regarding the size of the units.

The City Clerk was asked to confirm the deficit number of units in the various categories. She confirmed that the number of units in the very low income category was 27 and low-income category, 9.

No other public testimony was offered and the public hearing was closed. Discussion ensued. Mr. Brumbaugh confirmed that he would provide 27 very low-income units.

Mr. Huebsch confirmed that the transaction was couched so that all of the funding sources were committed in a manner that would allow the project to be completed. He also confirmed that if approved, the DDA would be modified to include modification to the category of unit numbers to conform with the direction of the City Council.

Motion by Dailey, seconded by Dupper to adopt LLHA Bill #R-2012-05 approving the DDA as modified.

Board Member Popescu stated that he opposed the action because it was his opinion that the City would be issuing the bonds similar to a previous issue in which the Redevelopment Agency was to repay by use of its tax increment; that because only one member of the household was required to be 55 years or older, his impression was that it was not a senior housing project; the senior housing units in Grand Terrace by the same developer were small.

Extensive discussion ensued with Mr. Huebsch confirming his prior statements relating to the bonds.

Mayor Rigsby then called for a vote resulting in the **motion carrying with Board Member Popescu voting in opposition.**

Resolution No. 5

A Resolution of the Loma Linda Housing Authority approving a Disposition and Development/Affordable Housing Agreement by and among the Authority, the City of Loma Linda and 10846 Poplar St., L.P., a California limited partnership

Motion by Brauer, seconded by Dailey and carried to adopt Council Bill #R-2012-12 approving the DDA as modified. Mayor pro tempore Popescu opposed.

Resolution No. 2730

A Resolution of the City Council of the City of Loma Linda approving a Disposition and Development/Affordable Housing Agreement by and among the Loma Linda Housing authority, the City of Loma Linda and 10846 Poplar St., L.P., a California limited partnership

Motion by Dailey, seconded by Brauer and carried to adopt Council Bill #R-2012-21. Mayor pro tempore Popescu opposed.

Resolution No. 2731

A Resolution of the City Council of the City of Loma Linda regarding its intention to issue tax-exempt obligations

The Housing Authority recessed to allow completion of the City Council Agenda and reconvened at 9:16 p.m. with all members present.

No items were added or deleted; no public participation comments were offered upon invitation of the Chair; and no conflicts of interest were noted.

LLHA 2012-007 – Consent Calendar

Motion by Dailey, seconded by Popescu and unanimously carried to approve the following items:

The Demands Register dated April 24, 2012 with commercial demands totaling \$71.20.

The Demands Register dated April 30, 2012 with commercial demands totaling \$625.00.

The Demands Register dated May 8, 2012 with commercial demands totaling \$6,563.12.

The Minutes of April 10, 2012 as presented.

The meeting adjourned at 9:17 p.m.

Approved at the meeting of

Secretary