

Council Meeting  
November 21, 2006

**PUBLIC HEARING**

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

Members of the Council:

Subject: Finance – Adopt RESOLUTION approving City of Torrance Revenue Bonds  
(Torrance Housing Investors), Series 2006

Expenditure: None

**RECOMMENDATION**

The Finance Director recommends the City Council hold a public hearing and adopt a **RESOLUTION** approving bond financing to be undertaken by the City of Torrance to benefit Torrance Housing Investors, LP.

**Funding**

The City has no liability with respect to repayment of the bonds and will not be a party to any of the bond documents. California Statewide Communities Development Authority and Torrance Housing Investors, LP will be parties to the bond financing documents. The bonds are a limited obligation of the Authority and will be payable from revenues of the project.

**BACKGROUND**

The City of Torrance is being asked to adopt a resolution approving the issuance of tax-exempt bonds by the California Statewide Communities Development Authority (the “Authority”) for the refinancing of an existing senior apartment community, Harmony Court Apartments, for Torrance Housing Investors, LP (the “Borrower”).

Such approval is required for compliance with the federal tax laws under the Tax and Equity Fiscal Responsibility Act of 1982 (“TEFRA”), as well as Section 9 of the Authority’s Amended and Restated Joint Powers Agreement (the “Agreement”). This approval will not constitute any other approval of the local agency. Therefore, in order for any financing for a private entity to be completed on a tax-exempt basis, the TEFRA hearing process must be completed by the legislative body of the local agency in which the proposed project will be located.

The Harmony Court Apartments (formerly Torrance Senior Apartments) is an existing community of senior apartments located on Torrance Unified School District property at 4502 186<sup>th</sup> Street in the City of Torrance. The complex is a 100% affordable community, in that 100% of the homes will be restricted to those whose income is at, or below, 60% of the Area Median Income.

The City of Torrance approved the Torrance Housing Investors, LP to issue up to \$12.0 million in tax-exempt bonds in 1995 to finance the construction of Torrance Senior Apartments (now called Harmony Court Apartments). Torrance Housing Investors, L.P. is requesting approval to issue up to \$10.0 million in tax-exempt bonds to refinance the outstanding tax-exempt debt.

## ANALYSIS

The Bonds would be tax-exempt private activity bonds for the 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. The City will not be under any obligation to repay the Bond indebtedness.

In order for the Authority to issue such bonds, the City must (1) conduct a public hearing allowing members of the public to comment on the proposed project; and (2) approve the Authority's issuance of bonds on behalf of the proposed financing. Although the Authority (not the City) will be the issuer of the tax-exempt revenue bonds for the project, the financing cannot proceed without the City becoming a member of the Authority and, as the governmental entity having jurisdiction over the site, approving the Authority's issuance of indebtedness.

The Authority is a California joint exercise of powers authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following), and is sponsored by the League of California Cities and the California State Association of Counties. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. With respect to the Authority, over 460 California cities, counties and special districts have entered into and executed the Agreement to become a member of the Authority, including the City of Torrance. The Authority is authorized to assist in the financing of senior housing projects.

The Internal Revenue Code requires that a public hearing be held concerning the proposed financing. The required hearing must be preceded by notice published at least 10 days in advance of the hearing. Notice of the proposed hearing was published on November 11, 2006 in the Daily Breeze. It is recommended that the Council hold a public hearing and, after the hearing, adopt the attached resolution approving the bond financing to benefit Harmony Court Apartments.

Respectfully submitted,



Eric E. Tsao  
Finance Director

CONCUR:



LeRoy J. Jackson  
City Manager

- Attachments:
- A. Resolution
  - B. Copy of public notice as printed in the Daily Breeze
  - C. Location Map
  - D. Hearing Script (Limited Distribution)

**RESOLUTION NO. 2006 -****RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE  
APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE  
REFUNDING BONDS FOR THE PURPOSE OF REFINANCING THE  
ACQUISITION AND CONSTRUCTION OF THE HARMONY COURT  
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 and/or refinancing the acquisition, construction and development 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**, Torrance Housing Investors, LP, a California limited partnership (the "Borrower") has requested the Authority to issue and deliver multifamily housing revenue refunding obligations in the anticipated principal amount of not to exceed \$7,700,000 (the "Obligations"), the proceeds of which shall be used for the purpose of refinancing the acquisition and construction of a 187-unit multifamily residential rental facility commonly known as the Harmony Court Apartments located at 4502 186<sup>th</sup> Street in the City of Torrance, California (the "Project"); and

**WHEREAS**, the Obligations to be issued and delivered to refinance the acquisition and construction of the Project will 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 City Council of the City of Torrance 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 refinancing of the Project were heard.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The City Council hereby finds and determines that the foregoing recitals are true and correct.
2. The City Council hereby approves the refinancing 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 provisions of the Internal Revenue Code of 1986, as amended, and shall not be construed in any other manner, with neither the City nor its staff having fully reviewed or considered the financial feasibility of the refinancing of the Project or the operation of the Project with regards to any State of California statutory requirements, and such adoption shall not obligate, without

further formal action to be taken by this City Council, including, but not limited to, (i) the approval of the financing documents by the City Council by resolution, or (ii) the City to provide refinancing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such refinancing.

5. The Bonds will not constitute an indebtedness or obligation, or a pledge of the faith and credit of, the City. The Bonds will be special, limited obligations of the Authority, payable solely from the revenues of the Project.

6. The City Clerk of the City 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, 18<sup>th</sup> Floor  
San Francisco, California 94108

7. This resolution shall take effect upon its adoption.

Introduced, approved and adopted this 21<sup>st</sup> day of November, 2006.

\_\_\_\_\_  
Mayor Frank Scotto

APPROVED AS TO FORM:  
JOHN L. FELLOWS III, City Attorney

ATTEST:

By \_\_\_\_\_  
Ronald T. Pohl, Assistant City Attorney

\_\_\_\_\_  
Sue Herbers, City Clerk

**DB 11-85  
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of Torrance at its regular meeting on November 21, 2006 will hold a public hearing and consider approval of the issuance by the California Statewide Communities Development Authority of multifamily housing revenue refunding bonds in the aggregate principal amount of approximately \$7,700,000, the principal amount of which will be applied to the refinancing of the acquisition and construction of a 187-unit multifamily residential rental facility commonly known as the Harmony Court Apartments (the "Project") located at 4502 186th Street in the City of Torrance, California.

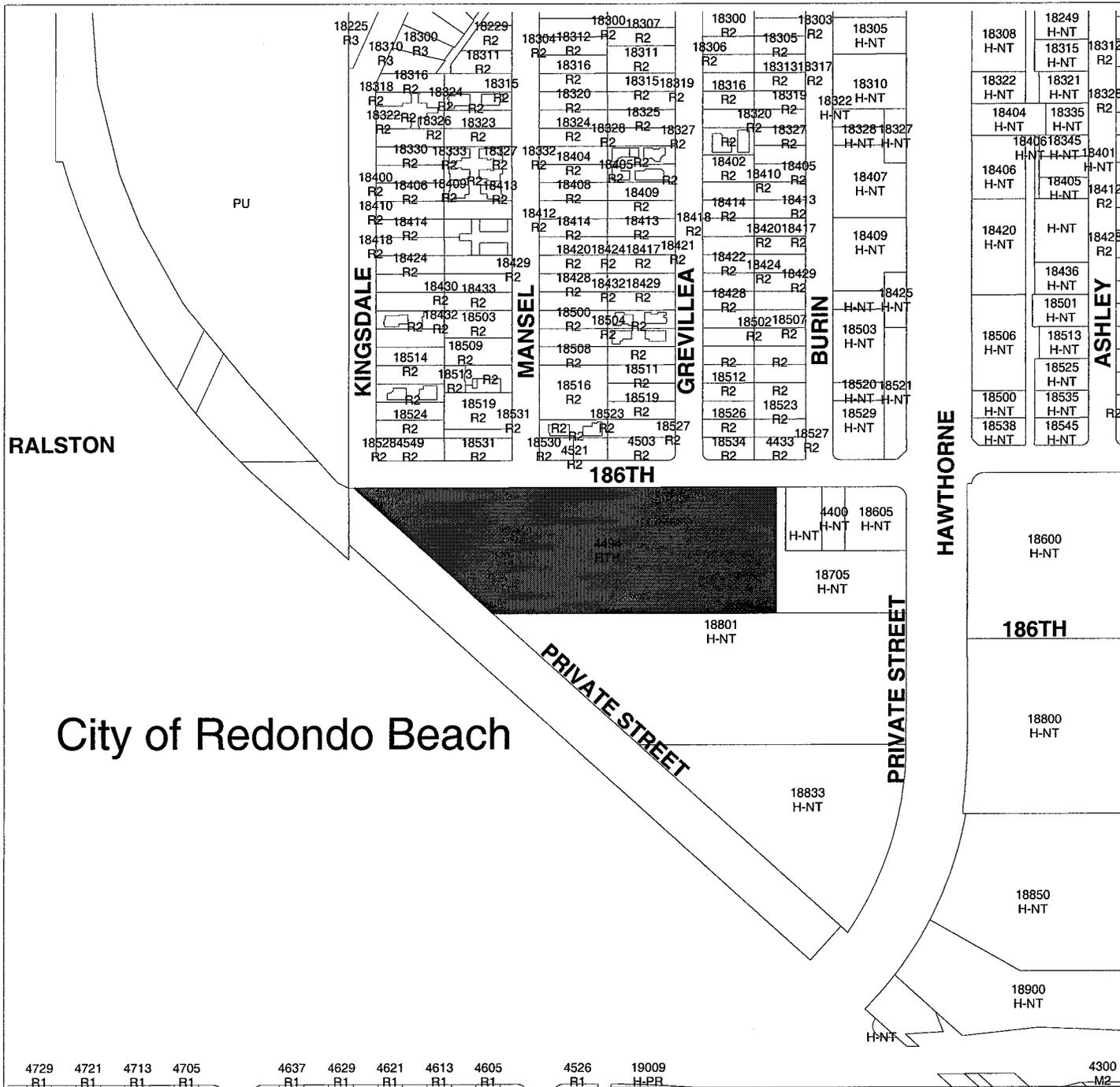
The owner of the Project is Torrance Housing Investors, LP, a California limited partnership.

All those interested in matters related to the issuance of the revenue refunding bonds are invited to attend and be heard at the City Council meeting where this item will be considered. The meeting will commence at 7:00 p.m., and will be held in City Hall, located at 3031 Torrance Boulevard, Torrance, California. If you have any questions regarding this matter, please call Terrance Murphy of the California Statewide Communities Development Authority, at (925) 933-9229 Ext 223.

By: /s/ Sue Herbers  
City Clerk

Dated November 9, 2006.

Pub.: November 11, 2006.



4729 R1 4721 R1 4713 R1 4705 R1 4637 R1 4629 R1 4621 R1 4613 R1 4605 R1 4526 R1 19009 H-PR 4300 M2

### LOCATION AND ZONING MAP

4494-4526 186th Street  
(4502 186th Street- Site Address)



### LEGEND

 4502 186th Street (Site Address)

