

**REDEVELOPMENT AGENCY OF THE
CITY OF OAKLAND
AGENDA REPORT**

OFFICE OF THE CITY CLERK
OF OAKLAND

2005 DEC - 1 PM 12: 59

TO: Agency Administrator of the Redevelopment Agency of the City of Oakland
ATTN: Deborah A. Edgerly
FROM: Finance and Management Agency
DATE: December 13, 2005
RE: A Resolution of the Redevelopment Agency of the City of Oakland Authorizing the Submission of an Application for Private Activity Allocation to the California Debt Limit Allocation Committee in an Amount not to Exceed \$10,000,000 and the Replacement into an Escrow Account of One-half of One Percent of the Amount of Allocation Requested

SUMMARY

A resolution has been prepared for the Redevelopment Agency of the City of Oakland (the "Agency") authorizing the submission of an application for private activity allocation to the California Debt Limit Allocation Committee ("CDLAC").

The passage of the proposed legislation will authorize staff to submit an application to CDLAC for an allocation of a portion of the state ceiling in an amount not to exceed \$10 million for application towards housing set-aside bonds for multifamily rental housing for very low or low income families. Additionally, passage of the proposed legislation will authorize staff to submit all such other documents as may be required to CDLAC in furtherance of the application. This action does not authorize the issuance of bonds. Staff will return to the Agency Board for authorization of bond issuance.

FISCAL IMPACTS

The Agency desires to refinance a portion of its outstanding Subordinated Housing Set-Aside Revenue Bonds, Series 2000T (the "2000T Bonds"). This refunding would allow the Agency to realize total present value savings of approximately \$800,000.

BACKGROUND

The Agency has a program that makes loans to housing developers and sponsors who develop multifamily rental housing that is or will be occupied, in whole or in part, by persons or families of very low or low income. In 2000, the Agency issued the 2000T Bonds in the amount of \$39.395 million to finance new and renovated housing for low-income households. These bonds were issued on a taxable basis at interest rates ranging from 7.39-8.03%. Upon reviewing the 2000T Bonds for refinancing opportunities, it was realized that a portion of the 2000T Bonds could be refunded on a tax-exempt basis.

Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), limits the amount of private activity bonds that may be issued in any calendar year by entities within a state and authorizes the legislature of such state to provide the method of allocating authority to issue private activity bonds within such state. CDLAC administers the tax-exempt private activity bond program available annually for California and governs the allocation of the state ceiling.

All agencies and organizations authorized to issue tax-exempt private activity bonds must apply for a portion of the state ceiling from CDLAC.

KEY ISSUES

In order to refund a portion of the 2000T Bonds on a tax-exempt basis, the Agency must participate in CDLAC's tax-exempt private activity bond program. In order to participate in the program, the Agency Board must pass a resolution authorizing the Agency to submit an application to CDLAC. This action does not authorize the issuance of bonds. Staff will return to the Agency Board for authorization of bond issuance.

DISABILITY AND SENIOR CITIZEN ACCESS

None

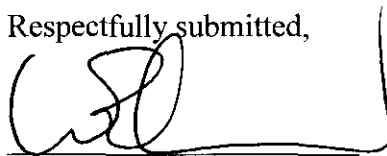
SUSTAINABLE OPPORTUNITIES

None

RECOMMENDATION: Staff recommends that the Agency's governing body approve the resolution authorizing the submission of an application for private activity allocation to CDLAC and the submission of any other documents to CDLAC in furtherance of the application.

ACTION REQUESTED: Staff requests that the Agency's governing body approve the resolution authorizing the submission of an application for private activity allocation to CDLAC and the submission of any other documents to CDLAC in furtherance of the application.

Respectfully submitted,

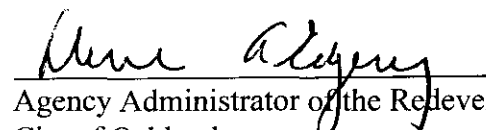


WILLIAM E. NOLAND

Director, Finance and Management Agency/
Treasurer

Prepared by:
Katano Kasaine
Treasury Manager

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:


Agency Administrator of the Redevelopment Agency of the
City of Oakland

OFFICE (APPROVED AS TO FORM AND LEGALITY)
2005 DEC -1 PM 1:44
AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. ____ C.M.S.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR PRIVATE ACTIVITY ALLOCATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE IN AN AMOUNT NOT TO EXCEED \$10 MILLION AND THE PLACEMENT INTO AN ESCROW ACCOUNT ONE-HALF OF ONE PERCENT OF THE AMOUNT OF ALLOCATION REQUESTED

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") has a program of making loans to housing developers and sponsors that are developing multifamily rental housing that is or will be occupied, in whole or in part, by persons or families of very low or low income; and

WHEREAS, the Agency desires to issue private activity housing set-aside bonds, the interest on which is excludable from gross income for purposes of federal income taxation, to provide a source of funds make such loans; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), limits the amount of private activity bonds that may be issued in any calendar year by entities within a state and authorizes the legislature of such state to provide the method of allocating authority to issue private activity bonds within such state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California governs the allocation in the State of California (the "State") of the state ceiling established by Section 146 of the Code among governmental units in the State having the authority to issue private activity bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application for a portion of the state ceiling with or upon the direction of the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of private activity bonds; and

WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to certify to CDLAC that the applicant has on deposit an amount equal to one-half percent (0.5%) of the amount of allocation requested (not to exceed the maximum provided in such procedures);

NOW, THEREFORE, be it resolved as follows:

Section 1. The Agency finds and determines that the foregoing recitals are true and correct.

Section 2. The officers of the Agency are hereby authorized to submit an application to CDLAC for an allocation of a portion of the State Ceiling (as that term is used in the California Government Code) in an amount not to exceed \$10,000,000 for application towards the issuance of the Bonds by the Agency to finance the above-mentioned loans. The officers of the Agency are hereby authorized, on behalf of the Agency; to submit all such other documents as may be required to CDLAC pursuant to the California Government Code in furtherance of the application. An amount equal to one-half of one percent of the amount of allocation requested (not to exceed the maximum deposit pursuant to CDLAC guidelines), is hereby authorized to be placed into an escrow account, and the officers of the Agency are hereby authorized to certify to CDLAC that such funds are available.

Section 3. This Resolution and declaration shall take effect from and after its adoption.

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, KERNIGHAN AND
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Agency and Clerk of the
Council of the City of Oakland