



Legislation Text

File #: 19-0286, **Version:** 1

Resolution Approving the Issuance by the Hampton Redevelopment and Housing Authority of its Revenue Bonds for the Acquisition, Rehabilitation, and Equipping of the Approximately 160-Unit Derby Run Apartments Multifamily Housing Facility Located in the City of Hampton, Virginia

PURPOSE/BACKGROUND:

The Hampton Redevelopment and Housing Authority (HRHA) is authorized by the Code of Virginia to issue notes and bonds for several purposes, including assisting with housing rehabilitation by private entities. LRC-Derby Run 1, L.P. (the "Developer") applied to the HRHA for issuance of \$12,000,000 in HRHA revenue bonds to assist the Developer in financing or refinancing a portion of the cost of acquiring, rehabilitating and equipping a multifamily residential rental housing project known as Derby Run apartments, consisting of fourteen garden-style buildings containing approximately 160 units representing approximately 176,800 net rentable square feet (of which an area of approximately 142,700 square feet is expected to be eligible for low income housing tax credits) and related parking spaces and other amenities (the "Project") located at 300 Floyd Thompson Boulevard in the City of Hampton, Virginia.

Section 15.2-4906 of the Code of Virginia, as amended, requires approval by the City Council of the issuance of any new private activity bonds after the HRHA has held a public hearing to consider the issuance of the bonds. The HRHA held a public hearing on September 25, 2019 and adopted a resolution to issue \$12,000,000 of its tax exempt bonds, subject to City Council approval.

The HRHA has recommended that the City Council approve its issuance of the bonds. As required by Section 15.2-4907 of the Code of Virginia, a fiscal impact statement has been provided to the City Council.

Discussion:

See Purpose/Background above.

Impact:

See Purpose/Background above.

Recommendation:

Approve the Resolution.

WHEREAS, the Hampton Redevelopment and Housing Authority (the "Authority") is authorized to advertise and hold public hearings relative to the issuance of private activity bonds;

WHEREAS, the Authority (a) has considered the application of LRC-Derby Run 1, LP, a Virginia limited partnership (the “Borrower”), requesting that the Authority issue its revenue bonds (the “Bonds”) in a maximum stated principal amount of \$12,000,000 to assist the Borrower or a party related to the Borrower in financing or refinancing a portion of (i) the cost of acquiring, rehabilitating and equipping a multifamily residential rental housing project consisting of fourteen garden style buildings containing approximately 160 units representing approximately 176,800 net rentable square feet (of which an area of approximately 142,700 square feet is expected to be eligible for low income housing tax credits) and related parking spaces and other amenities to be known as Derby Run Apartments (the “Project”) located at 300 Floyd Thompson Boulevard in the City of Hampton, Virginia and expected to be owned and used by the Borrower or a party related to the Borrower, (ii) the funding of reserve funds as permitted by applicable law and (iii) the costs incurred in connection with the issuance of the Bonds (collectively, the “Plan of Finance”) and (b) has held a public hearing in connection therewith on September 25, 2019 (the “Public Hearing”);

WHEREAS, the Project shall be established and maintained as a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, Section 147(f) of the Code provides that the applicable elected representatives of the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of such bonds;

WHEREAS, the Authority issues its bonds on behalf of the City of Hampton, Virginia (the “City”) and the Project is located in the City;

WHEREAS, the Authority, as the issuing governmental unit with respect to the Bonds, has no applicable elected representative, the City constitutes the next highest governmental unit with such a representative, and the members of the City Council of the City (the “Council”) constitute the applicable elected representatives of the City;

WHEREAS, the Authority has recommended that the Council approve the issuance of the Bonds; and

WHEREAS, a copy of the Authority’s resolution approving the issuance of the Bonds, a certificate of the Public Hearing, a summary of the statements expressed at the Public Hearing and the fiscal impact statement concerning the Plan of Finance have been filed with the Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAMPTON, VIRGINIA:

1. The Council approves the issuance of the Bonds by the Authority, in one or more series at one time or from time to time, in an aggregate maximum stated principal amount of \$12,000,000 for the benefit of the Borrower or a party related to the Borrower, as required by Section 147(f) of the Code, Section 15.2-4906, as applicable to housing authorities, of the Code of Virginia of 1950, as amended (the “Virginia Code”) and, to the extent applicable, Section 36-19 (9) of the Virginia Code to permit the Authority to assist in the financing of the Plan of Finance.

2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Project, the Plan of Finance or the Borrower.

3. The Bonds shall provide that neither the Commonwealth of Virginia, the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and monies pledged thereto and that neither the faith and credit nor the taxing power of the Commonwealth of Virginia, the City or the Authority is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

4. In adopting this resolution, the City, including its elected representatives, officers, employees and agents, shall not be liable for, and hereby disclaim all liability for, any damages to any person, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.

5. This resolution shall take effect immediately upon its adoption.