

November 17th, 2020

MEMO:

Issues Topic – TEFRA Hearing

Caritas, is a California not-for-profit who purposes to buy two properties in Clackamas County that include:

- 1) Holly Tree Mobile Home Park located at 8951 SE Fuller Road, Happy Valley (57 spaces that rent at \$622/mo.;
- 2) Lone Acre Mobile Park located at 8595 SE Fuller Road, Happy Valley 11 spaces that rent at \$6665/mo.).

Caritas' stated mission is to preserve the housing for the residents at the most affordable rents. They have indicated that there are no plans to raise rents upon taking ownership and see no significant changes for the current residents.

Caritas is requesting that the County, as a public service, hold a TEFRA HEARING so that they can use private activity bonds (a tax free loan, no liability to the County) for the purchase.

Proceeds of the Bonds will be used by Caritas to (i) finance its acquisition and improvement of the mobile home parks stated above; and (ii) pay certain expenses incurred in connection with the execution and delivery of the Bonds (collectively, the "Project").

*TEFR: The Internal Revenue Code of 1986, as amended (the "Code"), permits the issuance of tax-exempt revenue bonds for a "qualified 501(c)(3) organization" such as the sole member of the Borrower. The Authority will structure the Bonds so that principal of and interest on the Bonds will not constitute a debt of the County, the Authority and its members, the State of Oregon ("State") or any other political corporation, subdivision or agency of the State nor shall the Bonds be payable from any funds of the County or any tax levied upon any property within the County nor any other political subdivision of the State. The Bonds will be payable only from the revenues and resources provided by the Borrower.

Section 147(f) of the Code requires that the Bonds be approved (1) by the applicable elected representatives of the governmental unit having jurisdiction over the areas in which the Project is located; and (2) by the applicable elected representatives of the governmental unit issuing the Bonds.