

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ANGELA MORGAN, PROGRAM SPECIALIST II
HOUSING AND COMMUNITY SERVICES
SUBJECT: TEFRA PUBLIC HEARING AND ISSUANCE OF BONDS BY THE
CALIFORNIA PUBLIC FINANCE AUTHORITY IN AN AMOUNT
NOT TO EXCEED \$50 MILLION FOR DETURK WINERY
VILLAGE – 8 WEST 9TH STREET AND 806 DONAHUE STREET

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, (1) conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1983 and the Internal Revenue Code of 1986, as amended, and (2) by resolution, approve the issuance of tax exempt multifamily housing revenue bonds by the California Public Finance Authority in an amount not to exceed \$50 million to finance DeTurk Winery Village, 8 West 9th Street and 806 Donahue Street.

EXECUTIVE SUMMARY

The issuance of tax exempt, private activity bonds must be approved by the jurisdiction the project is located following a public hearing. Donahue 808, L.P., (“Borrower”) has selected the California Public Finance Authority (“CalPFA”), a joint-powers authority of which the City is a member, to be the issuer of multifamily housing revenue bonds for DeTurk Winery Village, 135 rental units, located at 8 West 9th Street and 806 Donahue Street (the “Project”), in an amount not to exceed \$50 million, and has requested that the City Council conduct a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act of 1983 (“TEFRA”). A public hearing is required to provide a reasonable opportunity for interested individuals to express their views, orally or in writing, on the proposed issue of bonds and the location and nature of the proposed project to be financed. All financial obligations of the bond issuance are the responsibility of the Borrower. This Item relates to the Council’s goal to meet housing needs by supporting production of new affordable housing.

BACKGROUND

DeTurk Winery Village will provide 133 extremely-low, very-low, and low-income units for households with incomes between 30% and 80% of Area Median Income and two non-restricted units will be reserved for the resident managers. The Project is located at 8 West

9th Street and 806 Donahue Street, Santa Rosa, CA 95401, APN's 010-091-001 and 010-091-007 (Attachment 1).

The Cultural Heritage Board and the Design Review Board of the City of Santa Rosa approved Resolution No. 19-993 on June 20, 2019 approving design review, density bonus, and an exemption from the California Environmental Quality Act ("CEQA").

The Borrower selected CalPFA to issue the bonds and requested that the City Council conduct the TEFRA public hearing (Attachment 2). CalPFA is a joint powers agency that promotes economic, cultural and community development, through the financing of economic development and charitable activities, including the issuance of taxable and tax-exempt bonds aimed at improving the standard of living throughout California. The City Council approved joining CalPFA as an additional member in September 2018.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

DeTurk Winery Village is being financed with tax-exempt bonds issued by CalPFA, tax credit equity, a first mortgage loan, and loans by the Housing Authority of the City of Santa Rosa.

The issuance of tax exempt, private activity bonds must be approved by the jurisdiction in which the project is located following a public hearing in accordance with Internal Revenue Code requirements. A TEFRA public hearing provides a reasonable opportunity for interested individuals to express their views, orally or in writing, on the proposed issue of bonds and the location and nature of the proposed project to be financed.

Without the approval or the TEFRA public hearing, the California Debt Limit Allocation Committee will not allocate tax exempt bonds to the Project which are an essential component of the Project financing.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund. The bonds and the obligation to pay principal and interest and any redemption premium will not constitute indebtedness or an obligation of the City. The City will not have any obligation to repay the bonds or to acquire, construct, improve, equip or operate the Project.

Financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City but are to be paid for solely from funds provided by the Borrower. All financial obligations for the bonds and all fees and costs associated with the bonds will be the sole responsibility of the Borrower.

ENVIRONMENTAL IMPACT

The Cultural Heritage Board and the Design Review Board of the City of Santa Rosa approved Resolution No. 19-993 on June 20, 2019, approving design review, and a density bonus. The project was found statutorily exempt from the California Environmental Quality Act (“CEQA”) pursuant to Government Code 65457, and categorically exempt pursuant to CEQA Guidelines Sections 15332, 15330, 15331.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

A public hearing notice was published in the Press Democrat on December 21, 2020.

ATTACHMENTS

- Attachment 1 – Locational Graphic
- Attachment 2 – Request from Meta Housing Corporation for the TEFRA public hearing
- Resolution

CONTACT

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