

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
HOUSING AND COMMUNITY SERVICES

SUBJECT: AUTHORIZATION FOR THE CITY OF SANTA ROSA TO JOIN
THE CALIFORNIA PUBLIC FINANCE AUTHORITY JOINT
EXERCISE OF POWERS AGREEMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by resolution, authorize the City of Santa Rosa to join the California Public Finance Authority (CalPFA) Joint Exercise of Powers Agreement as an Additional Member to allow the issuance of tax exempt bonds by CalPFA within the City limits.

EXECUTIVE SUMMARY

Approval of this item will allow the City of Santa Rosa (City) to join the California Public Finance Authority as an Additional Member under Section 12 of the CalPFA Joint Exercise of Powers Agreement (JPA Agreement). CalPFA is a statewide Joint Powers Agency (JPA) that issues tax exempt bonds to for-profit and non-profit developers for projects that provide public benefits, including income restricted units.

BACKGROUND

One of the City's primary goals is to meet the housing needs of its residents by actively supporting housing for all through protection, preservation, and production of market rate and affordable housing units.

City staff continually evaluates development and acquisition opportunities and was recently briefed by a development group, Catalyst Housing/California Community Housing Alliance (CalCHA), on its proposal to purchase existing units in Santa Rosa and, through a low interest debt structure, restrict the units for households earning between 80% and 120% of area median income (AMI), referred to as "middle income households." CalCHA's proposal also allows in-place tenants to remain in their units following the acquisition. There is no financial investment on the part of the City or

Housing Authority, therefore allowing the Housing Authority to utilize its resources to continue to target households at or below 60% of AMI.

The low interest debt needed by CalCHA to finance its acquisition will be obtained from the California Public Finance Authority (CalPFA). CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act to issue tax-exempt and taxable bonds throughout California.

For CalPFA to issue multi-family residential housing revenue bonds within the City limits, the City must join CalPFA as an Additional Member under Section 12 of the CalPFA Joint Exercise of Powers Agreement (JPA Agreement), attached. CalPFA may not issue bonds for a project without obtaining approval from the City Council. There are no costs associated with membership in CalPFA and the City will not be exposed to any financial liability by reason of its membership in CalPFA.

Participation by the City in CalPFA will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. The JPA Agreement allows any member to withdraw upon written notice to CalPFA.

PRIOR CITY COUNCIL REVIEW

None.

ANALYSIS

1. CalPFA was originally formed by the Kings County Board of Supervisors and has grown into an entity that provides statewide assistance. It is supported by outside professional administrators located throughout the Bay Area.
2. By joining CalPFA as an Additional Member, CalCHA and other developers can access financing provided through the JPA. Additional Members are non-charter members that can limit the scope of their membership solely for the financing or refinancing of specific projects. CalPFA is not permitted to issue bonds or notes for any project without obtaining permission from the City Council.
3. CalCHA is a statewide developer that develops affordable housing units and wants to establish a presence in Sonoma County. The City of Rocklin took similar actions in February 2018 for the development of a multifamily rental complex with over 200 units. Other Northern California members include Rohnert Park, Marin County, Antioch, Vallejo, Redwood City, Santa Cruz, and Sunnyvale.
4. Authorizing the City to join CalPFA does not constitute consent or approval of any individual project or site. Project specific information will be presented to the Council as a separate action in the future, if Council approves joining CalPFA.

FISCAL IMPACT

There is no fiscal impact to the City or Housing Authority associated with joining CalPFA.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

N/A

NOTIFICATION

N/A

ATTACHMENTS

- Attachment 1 - Joint Exercise of Powers Agreement
- Resolution/Exhibit A

CONTACT

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