

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, DIRECTOR, HOUSING AND COMMUNITY SERVICES
HOUSING AND COMMUNITY SERVICES
SUBJECT: TEFRA PUBLIC HEARING APPROVING A PLAN OF FINANCE AND ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE OUTSTANDING PRINCIPAL AMOUNT NOT TO EXCEED \$45 MILLION FOR CASA ROSELAND – 665 AND 883 SEBASTOPOL ROAD

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 and the Internal Revenue Code of 1986, as amended; and 2) by resolution, approve the plan of finance including the issuance and reissuance of tax exempt multifamily housing revenue bonds by the California Municipal Finance Authority in an aggregate outstanding principal amount not to exceed \$45 million to finance and refinance the acquisition, construction, and equipping of Casa Roseland, 665 and 883 Sebastopol Road within the City of Santa Rosa.

EXECUTIVE SUMMARY

MP Roseland Village Associates LP, a California limited partnership (“Borrower”), has selected the California Municipal Finance Authority (“CMFA”), a joint-powers authority of which the City of Santa Rosa (City) is a member, to be the issuer of multifamily housing revenue bonds for Casa Roseland, a new 75-unit affordable rental housing development, located at 665 and 883 Sebastopol Road (“Project”), in an aggregate outstanding principal amount not to exceed \$45 million to finance and refinance the acquisition, construction, and equipping of the Project, and has requested that the City Council conduct a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act (“TEFRA”) and Internal Revenue Code of 1986, as amended. 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, including without limitation the

obligation to repay the Bonds and the obligations to acquire, construct and operate the Project.

BACKGROUND

Casa Roseland is a new 75-unit affordable rental housing development of which 24 units will be restricted for extremely low-income households with incomes up to 30% Area Median Income (“AMI”), 6 units restricted for very low-income households with incomes up to 50% AMI, 44 units will be restricted to low-income households with incomes up to 60% AMI, and one unrestricted unit will be reserved for the resident manager. The Project is located at 665 and 883 Sebastopol Road, Santa Rosa, CA 95407, APN 125-111-037 and 125-101-031 (Attachment 1).

The Borrower selected CMFA to issue the bonds and requested that the City Council conduct a TEFRA public hearing. CMFA 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 bond proceeds in an aggregate outstanding principal amount of \$45,000,000 will be used to finance or refinance the acquisition, construction, and equipping of the Project. The City Council approved joining CMFA as an additional member on January 1, 2004.

PRIOR CITY COUNCIL REVIEW

On June 25, 2019, the City Council approved Resolution No. RES-2019-086 which affirmed the decision of the Planning Commission and approved the Project.

ANALYSIS

The issuance of tax exempt, private activity bonds must be approved by the jurisdiction 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 issuance of bonds and the location and nature of the proposed project to be financed.

Without the approval or the TEFRA public hearing, the project cannot be financed with tax-exempt bonds.

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, construction, 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 Project is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15183 because the project is consistent with the 2016 Program EIR prepared for the Roseland Area/Sebastopol Road and Roseland Area Annexation Projects Specific Plan pursuant to State CEQA Guidelines Section 15183 and there are no environmental effects peculiar to the project or the project site, and no further CEQA review is required for the Project, pursuant to State CEQA Guidelines Section 15162.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

A public hearing notice was published in the Press Democrat on November 8, 2024.

ATTACHMENTS

- Attachment 1 – Locational Graphic
- Attachment 2 – Request Letter for the TEFRA public hearing
- Attachment 3 – Plan of Finance
- Resolution

PRESENTER

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