Agenda Item #16.1
For Council Meeting of: March 10, 2026

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: TEFRA PUBLIC HEARING AND ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $5 MILLION FOR DEL NIDO APARTMENTS – 850 RUSSELL AVENUE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Housing and Community Services Department recommends 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 issuance of tax exempt multifamily housing revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed $5 million to finance and refinance a portion of the cost of the acquisition, construction, development, and equipping of Del Nido Apartments, 850 Russell Avenue within the City of Santa Rosa. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

New Del Nido, LP, a California limited partnership (“Borrower”) selected the California Municipal Finance Authority (“CMFA”), a joint-powers authority of which the City is a member, to be the issuer of multifamily housing revenue bonds for Del Nido Apartments, 206 rental units, located at 850 Russell Avenue (“Project”). Borrower is requesting an aggregate principal amount not to exceed $5 million to finance and refinance the acquisition, rehabilitation, development, 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 an opportunity for 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. 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, rehabilitate and operate the Project.

GOAL

This item relates to Council Goal #5 - Plan for and Encourage Housing for All and Reduce Homelessness by expanding access to housing opportunities for low and very-low-income households.

BACKGROUND/PRIOR COUNCIL REVIEW

The Project is a 206-unit affordable rental housing development with 30 units targeted to households with income at 30% Area Median Income ("AMI"), 8 units targeted to households with income at 50% AMI, 166 units targeted to households with income at 60% AMI, and two (2) unrestricted manager units.

On April 16, 2024, City Council, by Resolution RES-2024-060, approved the issuance of revenue bonds by CMFA in an aggregate principal amount not to exceed $55 million for the Project, conducted a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act ("TEFRA") and Internal Revenue Code of 1986, as amended. Pursuant to tax code Section 147(f) public approval expires after one year if the issuance of bonds is not obtained, or three years if approved with a plan of finance.

CMFA is requesting a new public hearing and approval by City Council to issue housing revenue bonds not to exceed $5 million for the Project. The prior approval on April 16, 2024 (Resolution RES-2024-060), was approved without a plan of finance and therefore has expired. Although the requested $5 million amount remains within the original $55 million authorization, a new hearing and approval are required under Section 147(f) of the tax code due to the one-year expiration of the initial approval.

ANALYSIS

CMFA has requested that City Council conduct a public hearing under the requirements of the TEFRA and the Internal Revenue Code of 1986, as amended; and by resolution, approve the issuance of tax exempt multifamily housing revenue bonds by CMFA in an aggregate principal amount not to exceed $5 million to finance and refinance a portion of the costs of the acquisition, construction, development, and equipping of the Project.

- 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.

- Pursuant to Section 147(f) of the Code and 26 Code of Federal Regulations Section 1.147(f)-1, a project must obtain bond financing within one year of public approval, or three years if approved with a plan of finance.
- 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, rehabilitate, develop, 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 proposed action has been reviewed in compliance with the California Environmental Quality Act (CEQA).

Pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to CEQA because it involves the approval of financing and the conduct of a public hearing, which are administrative and fiscal activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment.

In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption), as it can be seen with certainty that there is no possibility that the approval of bond financing may have a significant effect on the environment.

Accordingly, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

A public hearing notice was published in the Press Democrat on February 24, 2026.

ATTACHMENTS

- Attachment 1 – Location Map
- Attachment 2 – Request Letter for the TEFRA public hearing
- Resolution

PRESENTER(S)

Angela Morgan, Program Specialist II