

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 EXEMPT
FACILITY BONDS BY THE CALIFORNIA MUNICIPAL FINANCE
AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$40 MILLION FOR APPLE VALLEY SCATTERED SITE
APARTMENTS – 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834,
2836, 2838 PAPAGO COURT; 2459 & 2501 WEST STEELE
LANE; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833,
2841, 2852, 2860, 2862, 2866, 2870, 2874 APPLE VALLEY LANE,
AND 1945 ZINFANDEL 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 exempt facility bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$40 million to finance or refinance the acquisition, rehabilitation, improvement and equipping of Apple Valley Scattered Site Apartments, 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838 Papago Court; 2459 & 2501 West Steele Lane; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833, 2841, 2852, 2860, 2862, 2866, 2870, 2874 Apple Valley Lane, and 1945 Zinfandel Avenue within the City of Santa Rosa. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

Apple Valley Olive Grove, L.P., a California limited partnership (“Borrower”) a partnership of which Burbank Housing Development Corporation (the “Developer”) California Municipal Finance Authority (“CMFA”), a joint-powers authority of which the City is a member, to be the issuer of exempt facility bonds for Apple Valley Scattered Site Apartments, 232 rental units, located at;(i) 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838 Papago Court; 2459 & 2501 West Steele Lane; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833, 2841, 2852, 2860, 2862, 2866, 2870, 2874

TEFRA PUBLIC HEARING AND ISSUANCE OF EXEMPT FACILITY BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40 MILLION FOR APPLE VALLEY SCATTERED SITE APARTMENTS – 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838 PAPAGO COURT; 2459 & 2501 WEST STEELE LANE; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833, 2841, 2852, 2860, 2862, 2866, 2870, 2874 APPLE VALLEY LANE, AND 1945 ZINFANDEL AVENUE
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Apple Valley Lane, Santa Rosa, California (consisting of 104 units) and (ii) 1945 Zinfandel Avenue, Santa Rosa, California (consisting of 128 units) (“Project”). Borrower is requesting an aggregate principal amount not to exceed \$40 million to finance or refinance the acquisition, rehabilitation, improvement 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

This Project is a 232-unit affordable rental housing development with 48 units targeted to households with income up to 30% of Area Median Income (“AMI”), one (1) unit targeted to households with income up to 35% of AMI, one (1) unit targeted to households with income up to 40% AMI, 63 units targeted to households with income up to 50% AMI, 115 units targeted to households with income up to 60% AMI, and four (4) unrestricted manager units.

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 a plan of finance and the issuance of exempt facility bonds by CMFA in an aggregate principal amount not to exceed \$40 million to finance or refinance the acquisition, rehabilitation, improvement and equipping of Apple Valley Scattered Site Apartments.

- The proceeds of the bonds will be used to:

TEFRA PUBLIC HEARING AND ISSUANCE OF EXEMPT FACILITY BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40 MILLION FOR APPLE VALLEY SCATTERED SITE APARTMENTS – 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838 PAPAGO COURT; 2459 & 2501 WEST STEELE LANE; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833, 2841, 2852, 2860, 2862, 2866, 2870, 2874 APPLE VALLEY LANE, AND 1945 ZINFANDEL AVENUE
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- Finance or refinance the acquisition, rehabilitation, improvement and equipping of Apple Valley Scattered Sites, a multifamily rental housing project located at:
 - (i) 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838 Papago Court; 2459 & 2501 West Steele Lane; 2808, 2809, 2812, 2813, 2816, 2820, 2824, 2828, 2833, 2841, 2852, 2860, 2862, 2866, 2870, 2874 Apple Valley Lane, consisting of 104 units (bond proceeds in an amount not to exceed \$10 million); and
 - (ii) 1945 Zinfandel Avenue, consisting of 128 units (bond proceeds in an amount not to exceed \$25 million); and
- Pay certain expenses incurred in connection with the issuance of the bonds.
- Issuance of tax exempt, private activity bonds must be approved by the jurisdiction the project is located in 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.

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ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a 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) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

Any future physical improvements associated with the Project will be subject to separate CEQA review, as applicable.

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 Maps
- Attachment 2 – Request Letter for the TEFRA public hearing
- Resolution

PRESENTER(S)

Angela Morgan, Program Specialist II