

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 MUNICIPAL FINANCE AUTHORITY IN AN
AGGREGATE AMOUNT NOT TO EXCEED \$40 MILLION FOR
AVIARA APARTMENTS, AN AFFORDABLE RENTAL HOUSING
PROJECT LOCATED AT 1385 WEST COLLEGE AVENUE

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 revenue bonds by the California Municipal Finance Authority in an aggregate amount not to exceed \$40 million to finance or refinance the acquisition, construction, improvement and equipping of Aviara Apartments, an affordable rental housing project, located at 1385 West College Avenue, Santa Rosa.

EXECUTIVE SUMMARY

The issuance of tax exempt, private activity bonds must be approved by the jurisdiction the project is located following a public hearing. MM Aviara, L.P., a California limited partnership ("Borrower") has selected the California Municipal Finance Authority ("CMFA"), a joint-powers authority of which the City is a member, to be the issuer of revenue bonds for Aviara Apartments, 136 affordable rental units, located at 1385 West College Avenue (the "Project"), in an aggregate amount not to exceed \$40 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 priority of supporting affordable housing opportunities in Santa Rosa.

BACKGROUND

Aviara Apartments is a new 136-units affordable rental housing development of which 135-units restricted for extremely-low, very-low, and low-income households with incomes between 30% and 60% of Area Median Income and one unrestricted resident manager unit. The Project is located at 1385 West College Avenue, Santa Rosa, CA 95401, APN's 010-510-021-000 (Attachment 1).

The Borrower selected CMFA to issue the bonds and requested that the City Council conduct the TEFRA public hearing (Attachment 2). 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 City Council approved joining CMFA as an additional member on January 1, 2004.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Aviara Apartments is being financed with tax-exempt bonds issued by CMFA, tax credit equity, a first mortgage loan, and other subordinate loans.

The 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 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 with respect thereto do 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

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

Not applicable.

NOTIFICATION

A public hearing notice was published in the Press Democrat on April 12, 2022.

ATTACHMENTS

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

CONTACT

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