

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: FRANK KASIMOV, PROGRAM SPECIALIST II
HOUSING AND COMMUNITY SERVICES
SUBJECT: TEFRA PUBLIC HEARING AND ISSUANCE OF BONDS BY THE
CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN
AMOUNT NOT TO EXCEED \$20 MILLION FOR BOYD STREET
FAMILY APARTMENTS – 811 BOYD STREET

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 tax exempt multifamily housing revenue bonds by the California Municipal Finance Authority in an amount not to exceed \$20 million to finance Boyd Street Family Apartments, 811 Boyd Street.

EXECUTIVE SUMMARY

The issuance of tax exempt, private activity bonds must be approved by the jurisdiction the project is located following a public hearing. Santa Rosa Boyd, LP (“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 multifamily housing revenue bonds for Boyd Street Family Apartments, 46 rental units, located at 811 Boyd Street (the “Project”), in an amount not to exceed \$20 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 goal to meet housing needs by supporting production of new affordable housing.

BACKGROUND

Boyd Street Family Apartments will provide 45 very-low and low-income households with incomes at 50% and 60% of Area Median Income. One non-restricted unit is reserved for the resident manager. The Project is located at 811 Boyd Street, Santa Rosa, CA 95407, APN 037-101-003 (Attachment 1).

The Zoning Administrator approved Resolution No. DR19-013 on August 14, 2019 authorizing design review, density bonus, and an exemption from the California Environmental Quality Act (“CEQA”).

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. To date, over 300 municipalities, including the City of Santa Rosa, are members of CMFA.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Boyd Street Family Apartments is being financed with tax-exempt bonds issued by CMFA, tax credit equity, a first mortgage loan, and loans by the Sonoma County Community Development Commission and the Housing Authority of the City of Santa Rosa.

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 issue of bonds and the location and nature of the proposed project to be financed.

The County of Sonoma or the State of California may also conduct the TEFRA hearing and approve the issuance of tax-exempt bonds for the Project, subject to delay to get on the appropriate agenda. Without the approval or the TEFRA public hearing, the California Debt Limit Allocation Committee will not allocate tax exempt bonds to the Project; and without tax exempt bonds, the Project would be ineligible for 4% tax credits.

CMFA shares a portion of the issuance fees it receives with its member communities and donates another portion of the total fees to a non-profit foundation, which acts as the CMFA board, to support charitable organizations in California. The City’s portion of the CMFA fee-sharing for this bond issuance is expected to be approximately \$3,125. The funds are recommended to be deposited into the Housing Authority’s Housing Compliance Fund to be used for administrative expenses associated with affordable housing activities.

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, 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

On August 14, 2019, the Zoning Administrator approved the 46-unit project by Resolution No. DR19-013, determining that the Project is exempt from CEQA pursuant to CEQA Guidelines Sections 15183 and 15332. Section 15183 pertains to projects which are consistent with the development density established by existing zoning, community plan or general plan policies for which and Environmental Impact Report (“EIR”) was certified, in this case the Roseland Area/Sebastopol Road Specific Plan EIR. Section 15332 is the Class 32 exemption for Infill Development Projects. As the proposed action would facilitate the previously approved 46-unit project, no additional environmental review is needed.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

A public hearing notice was published in the Press Democrat on December 31, 2019.

ATTACHMENTS

- Attachment 1 – Locational Graphic
- Attachment 2 – Request from Danco Communities for the TEFRA public hearing
- Resolution

CONTACT

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