



Agenda Report

21-1469

Agenda Date: 11/9/2021

REPORT TO COUNCIL

SUBJECT

Adopt a Resolution Approving the California Municipal Finance Authority (CMFA) Issuance of Tax-Exempt Bonds Relating to the Financing of a 59-Unit Multifamily Rental Housing Project for Low-Income Households to be Located in the City of Santa Clara, California at 3941 Stevens Creek Boulevard

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

As part of the financing process for affordable housing projects which are seeking to utilize State tax-exempt bonds, the local jurisdiction, in this case the City of Santa Clara, is required by State law to conduct a public hearing. The applicant (CRP Affordable Housing and Community Development) is proposing to build a 59-unit 100% affordable project at 3941 Stevens Creek Boulevard and has applied to the State for tax-exempt bonds to help finance their project. The City is conducting this public hearing as a result of their application to the State.

CRP Affordable Housing and Community Development LLC, a Delaware limited liability company (the "Sponsor"), on behalf of a limited partnership to be created by the Sponsor or an affiliate of the Sponsor (such limited partnership, the "Borrower"), has specifically requested that the CMFA issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$50,000,000, including, but not limited to, revenue bonds issued as part of a plan to finance acquisition, construction, improvement and equipping of a 59-unit multifamily rental housing facility for low-income households, to be located in the City of Santa Clara, California at 3941 Stevens Creek Boulevard, and to be owned and operated by the Borrower.

For all or a portion of the bonds to qualify as tax-exempt bonds, the City of Santa Clara must conduct a public hearing under the Tax Equity and Fiscal Responsibility Act (the "TEFRA Hearing") to provide the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for financing the Project. Public notice must be provided to the members of the community prior to the TEFRA Hearing. Following the close of the TEFRA Hearing, an "applicable elected representative" of the City must provide its approval of the issuance of the bonds for financing the Project.

California Municipal Finance Authority

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 300 municipalities, including the City of Santa Clara, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

DISCUSSION

The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such an agreement. The bonds to be issued by the CMFA for the Project will thus be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Santa Clara, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the General Fund of the City. Such grant may be used for any lawful purpose of the City. The portion sent to the City is approximately \$1500 and intended to be applied to City administrative costs.

The City of Santa Clara is already a member with CMFA there are no costs associated with membership in the CMFA, and the City will in no way become exposed to any financial liability by reason of its membership in the CMFA. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the bonds will be required.

Conducting the TEFRA hearing is a procedural action the City is required to take that will allow implementation of the Project, advancing the City's goals and objectives related to the production of affordable housing and consistent with the City's General Plan.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website

and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

As required by TEFRA regulations, a 15-day notice was published on October 20, 2021 in The Santa Clara Weekly.

RECOMMENDATION

Hold a Tax Equity and Fiscal Responsibility Act public hearing for the issuance of up to \$50,000,000 in tax-exempt private-activity bonds by California Municipal Finance Authority (CMFA) for the benefit of CRP Affordable Housing and Community Development LLC.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. TEFRA Resolution for 3941 Stevens Creek Boulevard