



# City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: MARCH 25, 2025

FROM: FINANCE DEPARTMENT      WARDS: 1

SUBJECT: PUBLIC HEARING – RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$65,000,000 BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF MULBERRY GARDENS FAMILY, L.P. FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVMENT, AND EQUIPPING OF A 150-UNIT QUALIFIED RESIDENTIAL RENTAL PROJECT

**ISSUE:**

Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority, a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$65,000,000, to finance and refinance the acquisition, construction, development and equipping of a 150-unit qualified residential project (the “Project”), which is located at 2560 Mulberry Street within the City of Riverside, California, and authorize the City Manager or his designee to execute all required documents.

**RECOMMENDATIONS:**

That the City Council:

1. Conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing regarding the issuance of revenue or refunding bonds for the proposed Project (as described below),
2. Adopt a resolution to authorize the issuance of revenue or refunding bonds in an amount not-to-exceed \$65,000,000 by the California Municipal Finance Authority on behalf of Mulberry Gardens Family, L.P., (the “Borrower”); and
3. Authorize the City Manager, or his designee, to execute all the required documents, including making minor and non-substantive changes.

## **BACKGROUND:**

The California Municipal Finance Authority (the “CMFA”) is a joint powers authority organized under California Government Code, Section 6500 et seq. Formed on January 1, 2004, the CMFA promotes economic, cultural, and community development by financing economic and charitable projects throughout California. The CMFA assists local governments, non-profit organizations, and businesses with issuing taxable and tax-exempt bonds aimed at improving the standard of living in California. Its representatives and Board of Directors have considerable experience in bond financing. To date, more than 350 municipalities, including the City of Riverside, have become members of CMFA. The CMFA serves as the conduit issuer and provides access to an efficient mechanism to finance locally approved projects. The jurisdiction in which a project funded with private activity revenue bonds is to be located is required to approve the proposed plan of finance for such project.

## **DISCUSSION:**

The City has received a request from CMFA to conduct a public hearing as required by the Internal Revenue Code in order to issue revenue and refunding bonds in an aggregate amount not to exceed \$65 million (the “Bonds”) on behalf of Mulberry Gardens Family, L.P. (the “Borrower”). Mulberry Gardens Family, L.P. The Project is to be owned and operated by Mulberry Gardens Family, L.P., a California limited partnership, or by another ownership entity to be created by its general partner, Mulberry Gardens Family LLC, a California limited liability company, or by another affiliate of such general partner’s sole member, Eden Housing, Inc., a California nonprofit corporation (such limited partnership or other ownership entity, the “Borrower”).

The Borrower will use the proceeds of the Bonds to finance and refinance the acquisition, construction, development and equipping of a 150-unit qualified residential rental project located at 2560 Mulberry Street within the City of Riverside, California.

In order for the Bonds to qualify as tax-exempt bonds, the City must conduct a public hearing (the “TEFRA Hearing”) providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

## **STRATEGIC PLAN ALIGNMENT:**

This item supports **Strategic Priorities 2.1 --Community Well Being** – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

This item aligns with the Cross-Cutting Threads as follows:

1. **Community Trust** – The community was informed of the project through a TEFRA public hearing.

2. **Equity** – Project outcomes will benefit the entire community by providing additional housing supply for low-income families of the area.
3. **Fiscal Responsibility** – The Project utilizes strategic partnerships with local non-profit and joint power authority to facilitate project through a tax-exempt borrowing, funded by the Project.
4. **Innovation** – The Project utilizes strategic partnerships with local non-profit and joint power authority to facilitate the project.
5. **Sustainability & Resiliency** – Authorization of the financing project allows Riverside to expand the amount of available housing to meet the future needs of its residents without impacting existing public funds.

**FISCAL IMPACT:**

There is no direct or indirect fiscal impact to the City as a result of this proposed financing by the CMFA. The CMFA will issue revenue bonds for the Project on behalf of Mulberry Gardens Family, L.P. The revenue bonds are payable solely from the revenues derived by the Borrower from the applicable Project. No financial obligations are placed on the City for project financing costs or debt repayment.

Prepared by:	Meline Carranza, Debt & Treasury Manager
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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	Jack Liu, Interim City Attorney

Attachments:

1. Resolution Authorizing Issuance of Bonds
2. Notice of Public Hearing
3. Presentation