City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE:** **FEBRUARY 25, 2025**

FROM: **FINANCE DEPARTMENT** **WARD: 6**

SUBJECT: **PUBLIC HEARING ON ISSUANCE OF TAX-EXEMPT BONDS FOR BRANDON PLACE APARTMENTS AND RESOLUTION APPROVING THE ISSUANCE OF BONDS**

ISSUE:

Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA"), in connection with the proposed issuance of tax-exempt multi-family housing revenue bonds by the California Statewide Communities Development Authority ("CSCDA"), in an amount not to exceed $40,000,000, (the "Bonds"), to finance and refinance the acquisition, construction, development, and equipping of a 197-unit qualified residential rental project (the "Project") to be owned and operated by the Borrower and located at 3941 Polk Street within the City of Riverside, California (the "City"), and authorize the City Manager or his designee to execute all required documents.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Tax Equity and Fiscal Responsibility Act (TEFRA) Public hearing regarding the issuance of revenue or refunding bonds for a 197-unit multi-family housing residential rental project located at 3941 Polk Street within the City of Riverside;

2. Adopt a resolution to authorize the issuance of revenue or refunding bonds in an amount not-to-exceed $40 million by the California Statewide Communities Development Authority on behalf of Brandon Place, LP, (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 Statewide Communities Development Authority ("CSCDA") was created in 1988, under the California's Joint Exercise of Powers Act, and sponsored by the League of California Cities and the California State Association of Counties. CSCDA's purpose is to provide California's local governments with a tool for financing community-based public benefit projects. Under the California Government Code, cities and counties are authorized to form by agreement

a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. More than 530 cities, counties, and special districts are Program Participants to CSCDA, including the City of Riverside, which has been a member since 1989. CSCDA serves as the conduit issuer and provides access to an efficient mechanism to finance locally approved projects. CSCDA has issued more than $75 billion through more than 1,700 financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

DISCUSSION:

Brandon Place, LP (the "Borrower") has requested that the California Statewide Communities Development Authority (CSCDA) act as the municipal issuer for tax-exempt multifamily housing revenue bonds, totaling up to $40,000,000 (the "Bonds"). The Bond proceeds will finance a loan enabling the Borrower to acquire, rehabilitate, improve, and equip a 197-unit affordable multifamily rental project at 3941 Polk Street, within the City of Riverside, California (the "Project"), which the Borrower will own and operate.

The Project will undergo substantial rehabilitation funded by the Bonds, extending affordability covenants for an additional 55 years from the financing's closing, as the current affordability period is nearing expiration. On December 11, 2024, the California Debt Limit Allocation Committee awarded the Project a private activity bond allocation.

In order for the Bonds to qualify as tax-exempt bonds, the City of Riverside 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 Priority 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** – 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 large families of the area.

3. **Fiscal Responsibility** – 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** – Project utilizes strategic partnerships with local non-profit and joint power authority to facilitate 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 CSCDA. The CSCDA will issue revenue bonds on behalf of the Project. The revenue bonds are payable solely from the revenues derived by the Borrower from the applicable Project. No financial obligations are placed upon the City for project financing costs or debt repayment.

Prepared by:	Meline Carranza, Debt & Treasury Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
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