



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 8, 2021**

FROM: FINANCE DEPARTMENT **WARD: 2**

SUBJECT: PUBLIC HEARING – RESOLUTION AUTHORIZING THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO ISSUE BONDS ON BEHALF OF RIVERSIDE SUPPORTIVE HOUSING, L.P., OR ANOTHER ENTITY CREATED BY SUPPORTIVE HOUSING LLC, (OR AN AFFILIATE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$33,000,000 TO FINANCE A 95-UNIT AFFORDABLE SENIOR MULTIFAMILY HOUSING FACILITY

ISSUES:

Conduct the Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing regarding the issuance of revenue bonds and the related plan of financing to finance the acquisition and development of a 95-unit senior affordable housing project located at 2340 14th Street, Riverside, California, and adopt a resolution to authorize the issuance of revenue bonds or refunding bonds in an aggregate principal amount not to exceed \$33,000,000 by the California Municipal Finance Authority, on behalf of Riverside Supportive Housing, LP, a California limited partnership for the Project, which includes a plan of financing for the purpose of financing or refinancing the Project.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing regarding the issuance of revenue bonds along with the related plan of financing for the acquisition and development of a 95-unit senior affordable housing project to be located at 2340 14th Street, Riverside, California;
2. Adopt a resolution authorizing the issuance of one or more series of revenue bonds in an aggregate amount not to exceed \$33,000,000 by the California Municipal Finance Authority, on behalf of Riverside Supportive Housing, LP, a California limited partnership company to provide for the financing of the Project; and
3. Authorize the City Manager, or his designee, to execute all required documents including making minor non-substantive changes and/or corrections.

BACKGROUND:

The California Municipal Finance Authority (the “Authority”) is a California joint exercise of powers Authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following). The Authority was created on January 1, 2004 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. To date, over 330 municipalities, including the City of Riverside, have become members of CMFA. The Authority serves as the conduit issuer and provides access to an efficient mechanism to finance locally approved projects.

DISCUSSION:

The City has received a request from the Authority to conduct a TEFRA public hearing as required by the Internal Revenue Code in order to issue one or more series of tax-exempt revenue bonds (the “Bonds”) in an aggregate amount not to exceed \$33,000,000. The Bonds will be issued by the Authority for the purpose of providing financing to Riverside Supportive Housing, LLC, a California limited liability company (the “Sponsor”), on behalf of Riverside Supportive Housing, LP, a California limited partnership, or another ownership entity to be created by the Sponsor or by an affiliate of the Sponsor (the “Borrower”). The Borrower will use the proceeds of the Bonds for the financing of the acquisition, construction, improvement, and equipping of a 95-unit multifamily rental housing facility located at 2340 14th Street, Riverside, California, (the “Project”) located within the City of Riverside (the “City”).

The Bonds will be private activity bonds for the purpose of the Internal Revenue Code, and per Section 147(f), must be approved by the governmental agency having jurisdiction over the area in which the project to be financed is located. The City will not be under any obligation to repay the Bond indebtedness.

In order for the Authority to issue such Bonds, the City must (1) conduct a public hearing allowing members of the public to comment on the proposed Project, (2) provide a toll free phone number for all interested parties to comment on the approval of TEFRA financing, and (3) approve the Authority’s issuance of Bonds on behalf of the proposed financing plan. Although the Authority (not the City) will be the issuer of the revenue bonds for the Project, the financing cannot proceed without the City approving the Authority’s issuance of the Bonds for the financing of the Project.

FISCAL IMPACT:

There is no direct or indirect fiscal impact to the City as a result of this proposed financing by the Authority. The Authority 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 on the City for project financing costs or debt repayment. Through its conduit issuance activities, the California Municipal Finance Authority shares a portion of the issuance fees it receives with its member communities. A portion of the issuance fee attributed to the City will be granted by the California Municipal Finance Authority to the City. The funds may be used for any lawful purpose of the City.

Prepared by: Heidi Schrader, Debt and Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Moises Lopez, Deputy City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

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