



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 16, 2021

FROM: FINANCE DEPARTMENT WARD: 7

SUBJECT: PUBLIC HEARING – RESOLUTION AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ISSUE BONDS ON BEHALF OF GOLDEN PIERCE HOUSING PARTNERS, L.P. OR ANOTHER ENTITY CREATED BY NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 TO FINANCE AN 80-UNIT AFFORDABLE MULTIFAMILY HOUSING FACILITY

ISSUE:

Conduct a 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 an 80-unit affordable housing project located at 11253 Pierce 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 \$40,000,000 by the California Statewide Communities Development Authority, on behalf of Golden Pierce Housing Partners, L.P., 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 Vista De La Sierra Apartments, an 80-unit affordable housing project to be located at 11253 Pierce Street, Riverside, California; and
2. Adopt a resolution authorizing the issuance of one or more series of revenue bonds in an aggregate amount not to exceed \$40,000,000 by the California Statewide Communities Development Authority, on behalf of Golden Pierce Housing Partners, L.P., a California limited partnership company to provide for the financing of the Project.

BACKGROUND:

The California Statewide Communities Development Authority (the “Authority”) was created in 1988, under California’s Joint Exercise of Powers Act, 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 500 cities, counties, and special districts are Program Participants to the Authority, including the City of Riverside. 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 \$40 million. The Bonds will be issued by the Authority for the purpose of providing financing on behalf of Golden Pierce Housing Partners, LP, a California limited partnership, or another ownership entity to be created by National Community Renaissance of California (the “Developer”) or a related person to the general partner of the Developer. The Borrower will use the proceeds of the Bonds for the financing of the acquisition, construction, improvement, and equipping of the Vista De La Sierra Apartments, an 80-unit multifamily rental housing facility located at 11253 Pierce 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 all interested parties to comment on the approval of TEFRA financing, and (2) 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.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 2 Community Well-Being** and **Goal 2.1** – 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 EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Authorizing CSCDA to issue tax exempt TEFRA financing reduces the cost of capital financing to construct, acquire, and develop affordable housing developments.
2. **Equity** – Using bonded indebtedness to fund affordable housing projects ensures generational equity. The repayment of the cost of the facility (30 years) is made by the generation of residents that receive the actual benefits of the project.
3. **Fiscal Responsibility** – TEFRA financing supports the expansion of affordable housing within the City of Riverside without impacting City financial resources.
4. **Innovation** – Leveraging CSCDA resources to provide accessibility to tax-exempt financing for affordable multifamily housing developments is a cost-effective method to

support community well-being.

5. **Sustainability & Resiliency** – Authorization of the financing project allows Riverside to expand the amount of available affordable rental 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. 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.

Prepared by: Heidi Schrader, Debt and Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

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