



DATE: April 3, 2018

TO: City Council

FROM: Director of Finance

SUBJECT Public TEFRA Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance of the California Municipal Finance Authority Multifamily Housing Revenue Bonds to Finance or Refinance the Acquisition, Rehabilitation, Improvement and Equipping of Park Manor Apartments

RECOMMENDATION

- 1) That the Council conducts the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”).
- 2) That the Council adopts the resolution approving the issuance of the Bonds by the CMFA for the benefit of Park Manor Apartments, L.P. (the “Borrower”) or a partnership created by SPFI Development I, L.P. (the “Developer”), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

SUMMARY

The Council has been asked to conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (“CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$14,500,000, (the “Bond”). The bonds will be used for the acquisition, rehabilitation, improvement and equipping of a 81-unit multifamily rental housing project located at 24200 Silva Avenue, Hayward, California, generally known as Park Manor Apartments (the “Project”).

BACKGROUND

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 290 municipalities, including the City of Hayward, 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 Developer has requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$14,500,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used for the acquisition, rehabilitation, improvement and equipping of an 81-unit multifamily rental housing project located at 24200 Silva Avenue in Hayward, California, generally known as Park Manor Apartments and operated by FPI Management.

For all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Hayward 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.

ECONOMIC IMPACT

The acquisition, rehabilitation, improvement and equipping of an 81-unit multifamily rental housing project will improve the long-term viability of the property and ensure long-term affordability.

FISCAL IMPACT

The Bonds to be issued by the CMFA for the Project will 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 Hayward, 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.

STRATEGIC INITIATIVES

This agenda item relates to the Complete Communities Initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. This agenda item relates to the following goal and objectives:

Goal 1. Provide a mix of housing stock for all Hayward residents and community members, including the expansions of affordable housing opportunities and resources.

Objective 2: Conserve and improve the existing housing stock.

Objective 3 Increase supply of affordable, safe and resilient housing in Hayward.

PUBLIC CONTACT

Public noticing requirements related to TEFRA public hearings were strictly adhered to and followed. Notice of this public hearing was published in the Daily Review on March 9, 2018.

NEXT STEPS

Considering the foregoing, and to support affordable housing, staff recommends that the City conduct the TEFRA Hearing and adopt the resolution in favor of the issuance of the Bonds by the CMFA.

Prepared by and Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager