



DATE: June 26, 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 by California Statewide Communities Development Authority of Tax-Exempt Bonds to Finance the Acquisition, Construction and Development of Maple & Main

RECOMMENDATION

That Council:

1. Conducts a public hearing to consider the issuance Tax-Exempt Multifamily Housing Revenue Bonds by the California Statewide Communities Development Authority (CSCDA) to assist in the financing of the Maple and Main Apartments.
2. Adopts the attached resolution approving the issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for the Maple & Main Apartments (attachment II).

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 Statewide Communities Development Authority (CSCDA) in an amount not to exceed \$110,000,000. The bonds will be used for the acquisition, construction and development of a 240-unit multifamily rental housing project located at 22330 Main Street, Hayward, California, generally known as Maple & Main Apartments.

BACKGROUND

The City Council approved the discretionary land use approvals for the Maple and Main Project on February 7, 2017. The Maple and Main project is a mixed-use, mixed-income multifamily rental housing development located at 22330 Main Street, Hayward, California that will provide 240 units of housing, 5,500 square feet of ground floor retail space, and the rehabilitation of 48,000 square feet of existing office space. The project will exceed the requirements under the affordable housing ordinance by restricting 20% of the units for very low-income households. The development of these units will be subsidized with Low Income Housing Tax Credits and Tax-Exempt Multifamily Revenue Bonds.

On June 13, 2017 Council conducted TEFRA Hearing and adopted a resolution approving the issuance by the California State Wide Communities Development Authority of Multifamily Housing Revenue Bonds for the Mable and Main Apartments. The TEFRA has expired and the project will need another TEFRA hearing prior to closing financing for the project.

DISCUSSION

CSCDA was created in 1988, under California's Joint Exercise of Powers Act, to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth, and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 500 members, including the City of Hayward.

The Developer has requested that the CSCDA serve as the municipal issuer of the bonds in an aggregate principal amount not to exceed \$110,000,000 of tax-exempt revenue bonds. The proceeds of the bonds will be used for the acquisition, construction and development of a 240-unit multifamily rental housing project located at 22330 Main Street. The project will provide 48 units of affordable housing to very low-income households restricted as affordable for 55 years. In addition to regulatory controls recorded by the State of California and the bond issuer, to ensure that the affordable units are created, the City, as part of the February 7, 2017 approvals, mandated Condition of Approval No. 30 which requires the Developer enter into an Affordable Housing Agreement with the City that will deed restrict the properties as affordable units. Attachment III provides the 2018 rent and income limits for a very-low income household as determined by the California Tax Credit Allocation Committee. Rent and income limits are adjusted annually and are based on changes to the area median income. Rents and income limits for the projects will be determined after the project is placed in service.

For all or a portion of the bonds to qualify as tax-exempt bonds, the City of Hayward must conduct a TEFRA Hearing that provides 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. The Notice for this TEFRA hearing was published June 8, 2018. Following the close of the TEFRA Hearing, an elected representative of the governmental unit hosting the project must provide its approval of the issuance of the bonds to finance the project.

ECONOMIC IMPACT

To assess the potential economic benefits of the redevelopment of the site, the developer commissioned a study that was conducted by The Concord Group and completed in November 2016. The study finds that the new 240 housing units and the projected population of 440 residents is estimated to contribute more than \$1.9 million annually to Hayward retail establishments, generating \$19,000 in retail sales tax revenue. The study also estimates new property tax revenues of more than \$270,000 annually after project completion.

The 48 affordable units ensures housing stability and reduces cost burden for some very low-income Hayward residents for 55 years.

FISCAL IMPACT

The bonds to be issued by the CSCDA 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. 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.

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 June 8, 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 CSCDA.

Prepared by: Christina Morales, Housing Manager

Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'K McAadoo', written in a cursive style.

Kelly McAadoo, City Manager