



DATE: September 22, 2020

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Multi-Family Housing Revenue Bonds – Evelyn Family Apartments, 779 East Evelyn Avenue, ROEM Development Corporation**

RECOMMENDATION

Adopt a Resolution Approving the Issuance of Revenue Bonds by the California Statewide Communities Development Authority in an Aggregate Principal Amount Not to Exceed \$35,000,000 for the Purpose of Financing the Acquisition, Construction, and Development of an Affordable Multi-Family Rental Housing Project Located at 779 East Evelyn Avenue and Certain Other Matters Relating Thereto to Benefit Notice of Public Hearing, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND AND ANALYSIS

The City Council is being asked to adopt the resolution in Attachment 1 approving the reissuance of multi-family housing revenue bonds from the California Statewide Communities Development Authority (CSCDA). On March 29, 2016, the City conducted and approved a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for the issuance of bonds by the California Statewide Communities Development Authority (CSCDA) for the construction of the Evelyn Family Apartments. Bonds were issued for the Evelyn Family Apartments by CSCDA in June 2016.

Evelyn Family Apartments is a 116-unit, 100 percent affordable housing development located at 779 East Evelyn Avenue. It consists of 11 studio, 45 one-bedroom, 44 two-bedroom, and 15 three-bedroom units, along with one manager unit. Construction was completed on this development in June 2019. Due to the low-interest environment, the developer, ROEM Development Corporation, and its lender, Citibank, have agreed to extend the construction conversion date of the bonds and to increase the permanent period bond amount. This change in terms triggers a reissuance of the bonds.

The Federal rules associated with TEFRA allow a three-year validity of the approval for the purposes of a reissuance. Because the original TEFRA in 2016 is beyond the three-

year limitation, a new TEFRA is required. The City bears no financial or legal liability for these bonds.

California Statewide Communities Development Authority – CSCDA is a joint powers authority founded and sponsored by the League of California Cities (“League”) and the California State Association of Counties (“CSAC”). CSCDA was created by the League and CSAC in 1988 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 530 members, including the City of Mountain View. CSCDA has issued more than \$63 billion through 1,500-plus 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.

The bonds may be used to finance or refinance the acquisition and rehabilitation of an existing project, or for the construction of a new project, provided the developer agrees to set aside all, or a portion, of the units in a project for very low-income and low-income households. A developer can finance a project at a lower interest rate than available through conventional financing because the interest paid to bondholders is exempt from Federal (and, in some cases, State) income taxes.

Tax and Equity Fiscal Responsibility Act Hearing Overview

In order for CSCDA to issue the bonds on a tax-exempt basis, the Tax and Equity Fiscal Responsibility Act (TEFRA) requires the local jurisdiction where the development is located to first conduct a public hearing to provide the public an opportunity to speak for or against financing the project with the bonds. Following the public hearing, the local elected body is asked to adopt a resolution approving CSCDA’s issuance of the bonds.

The hearing is an opportunity for all interested persons to speak or submit written comments regarding the proposal to issue the bonds. There is no obligation on the part of City staff to respond to any specific comments on the bond issue or the project. City Council adoption of this resolution following the public hearing does not obligate the Council to approve any additional funding. .

On September 10, 2020, Community Development Department staff conducted a public hearing over video conference to provide the public with an opportunity to speak for or against the bond financing for the development. The public hearing was published in a newspaper of general circulation at least seven days prior to the meeting, with the conference call phone number and assigned password. Staff conducted the hearing and

did not receive any public comments. The meeting minutes as well as the attendance sheet from the public hearing (Attachment 2) are attached for review by the City Council.

FISCAL IMPACT

There is no fiscal impact to the City. The Bonds will be reissued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds. The City bears no liability with respect to the reissuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

ALTERNATIVES

1. Do not approve issuance of the multi-family housing bonds.
2. Provide other direction to staff.

PUBLIC NOTICING

A public notice was published in the *San Jose Post Record*. The meeting agenda and Council Report have been posted on the City's webpage and announced on Channel 26 and cable television.

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Attachments: 1. Resolution Authorizing Issuance of Multi-Family Bonds
2. Public Hearing Minutes