



DATE: March 29, 2016

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Multi-Family Housing Revenue Bonds – Evelyn Family Apartments**

RECOMMENDATION

Adopt a Resolution Approving the Issuance of Tax-Exempt 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 and Construction 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.

BACKGROUND AND ANALYSIS

The City Council is being asked to adopt the resolution (see Attachment 1) approving the issuance of multi-family housing revenue bonds from the California Statewide Communities Development Authority (CSCDA). The bonds would be used along with the 4 percent tax credits to finance the construction of Evelyn Family Apartments, a 116-unit multi-family affordable rental housing project located at 779 East Evelyn Avenue, Mountain View, California, 94041, that will serve families earning at or below 60 percent of area median income.

Prior Action

On March 1, 2016, ROEM Development Corporation (ROEM) received Council approval to develop a new four-story, 116-unit multi-family affordable rental housing project, including a manager's unit and one level of underground parking. The Council also approved a total of up to \$22.25 million in City Below-Market-Rate (BMR) funds and Housing Impact funds for this proposed project located at 779 East Evelyn Avenue.

As is typical with tax credit projects, ROEM has formed a limited partnership, Bernardo Avenue Family Apartments, L.P., to apply for the bonds and tax credit financing and oversee construction of the project. The housing bonds will be combined with the

4 percent tax credits issued by the California Tax Credit Allocation Committee (CTCAC) to finance the project. The CSCDA noncompetitively awards developers bond financing based on project eligibility, funding criteria, and compliance with procedural requirements such as the City's bond hearing and resolution adoption. If the bond financing is awarded, the 4 percent tax credits will be issued. The bonds and 4 percent tax credit financing would enable construction to start in June 2016.

California Statewide Communities Development Authority Housing Bond Program

CSCDA or "California Communities" is a joint-powers authority sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by these agencies in 1988 to enable local governments 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. Over 520 California cities, counties, and special districts, including the City of Mountain View, have executed an agreement to become a program participant of CSCDA for the sole purpose of issuing revenue bonds for the financing of projects that promote economic development, including the development and maintenance of subsidized multi-family housing.

The CSCDA Housing Bond Program is designed to assist both for-profit and nonprofit developers in accessing tax-exempt bonds for the financing of low-income, multi-family, and senior housing projects. 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- 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. If ROEM obtains financing through the Bond Program, it would be eligible to receive the 4 percent tax credits needed to fully fund the project.

Tax and Equity Fiscal Responsibility Act (TEFRA) Hearing Overview

In order for CSCDA to issue the bonds on a tax-exempt basis, the TEFRA requires the local elected body to first conduct a public hearing to provide the public an opportunity to speak for or against financing the project with the bonds. Notice of such hearing must be published in a newspaper of general circulation at least 14 days prior to the date of the public hearing. Following the public hearing, the local elected body is asked to adopt a resolution approving CSCDA's issuance of the bonds (see Attachment 1).

This hearing is an opportunity for all interested persons to speak or submit written comments concerning the proposal to issue the bonds. There is no obligation on the part of the City Council to respond to any specific comments on the bond issue or the project. Adoption of this resolution does not obligate the Council to approve any additional funding or entitlement or development permits for the project. However, this hearing and adoption of the resolution are necessary for ROEM to proceed in securing bond financing and 4 percent tax credits for the project.

FISCAL IMPACT

There will be no fiscal impact to the City. The bonds will be issued by the CSCDA. However, per the Federal Internal Revenue Code, the City must hold a public hearing and authorize the issuance of tax-exempt bonds for projects located in the City. The approval of the resolution authorizing the issuance of the bonds does not involve any financial obligation or risk on the part of the City. The City will not be financially involved in issuing the bonds; therefore, there is no effect on the City's debt capacity, its credit rating, or its ability to do other bond financing. The costs of the bond issuance will be paid by the project and are part of the financing. A default of the borrower will not affect the City's bond rating as that risk will be borne by the CSCDA as the bond issuers.

ALTERNATIVES

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

PUBLIC NOTICING

A public notice was published in the Mountain View Voice. The meeting agenda and Council report have been posted on the City's web page and announced on Channel 26 and cable television.

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Attachment: 1. Resolution