



COUNCIL REPORT

DATE: November 1, 2022

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Multi-Family Housing Revenue Bonds—
1100 La Avenida**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority in an Aggregate Principal Amount Not to Exceed \$55,000,000 to Finance and Refinance a 100-Unit Multi-Family Housing Facility for the Benefit of Avenida Armand, L.P., a California Limited Partnership, or Another Entity Created by Avenida Armand LLC (or an affiliate), and Certain Other Matters Relating Thereto, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND AND ANALYSIS

From time to time, the City of Mountain View is asked to hold a public hearing and adopt a resolution associated with a private entity's issuance of tax-exempt private activity bonds. The City Council last held a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing on April 21, 2020 for the fully affordable project at 950 El Camino Real, which was issued revenue bonds as part of their financing by the California Municipal Finance Authority.

California Municipal Finance Authority Housing Bond Program

The California Municipal Finance Authority (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 300 municipalities, including the City of Mountain View, have become members of CMFA.

The CMFA was formed to assist local governments, nonprofit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The Board of Directors of the California Foundation for Stronger Communities, a California nonprofit public benefit corporation (the "Foundation"), acts as the Board of Directors

for the CMFA. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

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 Eden Housing obtains financing through the Bond Program, it would be eligible to receive the tax credits needed to fully fund the project at 1100 La Avenida. This project is part of the City's affordable housing pipeline and has received an allocation of local housing funds.

Tax and Equity Fiscal Responsibility Act Hearing Overview

In order for CMFA to issue the bonds on a tax-exempt basis, the TEFRA requires the local elected body or an authorized representative to first conduct a public hearing to provide the public an opportunity to speak for or against financing the project with the bonds. The entity requesting the public hearing must be located within Mountain View. The bond issuance does not create a financial obligation for the City. Notice of such hearing must be published in a newspaper of general circulation at least seven days prior to the date of the public hearing. Following the public hearing, the local elected body is asked to adopt a resolution approving CMFA's issuance of the bonds.

On October 20, 2022, Community Development Department staff conducted a public hearing by telephonic conference call to provide the public with an opportunity to speak for or against the bond financing for the development. The public hearing notice was published in the *Palo Alto Daily Post* and *Mountain View Voice* 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 from the public hearing (Attachment 2) are attached for review by the City Council.

The public 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 to respond to any specific comments on the bond issue or the project.

The City Council is being asked to adopt the resolution in Attachment 1 approving the issuance of multi-family housing revenue bonds from the CMFA. The bonds would be used along with 4% tax credits to finance the acquisition, construction, improvement, and equipping of a 100-unit multi-family, affordable rental housing project to be located at 1100 La Avenida in Mountain View, California, that will serve families earning at or below 60% of area median income. The City Council reserved \$15 million in Below-Market-Rate funds to support the project

on December 8, 2020. At that time, the project budget indicated that the developer intended to apply for tax-exempt bonds credits to finance the project.

As is typical with tax-credit projects, Eden Housing has formed a limited partnership, Avenida Armand, L.P., a California limited partnership, to apply for the bonds and tax-credit financing and oversee construction of the project. Avenida Armand, L.P., will apply for the housing bonds, which will be combined with tax credits issued by the California Tax Credit Allocation Committee to finance the project. The CMFA noncompetitively issues 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 tax credits will be issued. The bonds and tax-credit financing would enable construction to start in 2023.

Adoption of this resolution does not obligate 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 Eden Housing to proceed in securing bond financing and tax credits for the project.

FISCAL IMPACT

As noted earlier in the report, the bond issuance does not create a financial obligation for the City. Additionally, 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. It is expected that that a portion of the issuance fee, estimated at approximately \$14,000, will be granted by the CMFA to the General Fund of the City. Such a grant may be used for any lawful purpose by the City. The City has typically deposited the funds into the Housing Fund.

ALTERNATIVES

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

PUBLIC NOTICING

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. TEFRA Public Hearing Meeting Minutes