City of Mountain View

COUNCIL REPORT

DATE: November 4, 2025

CATEGORY: Consent

DEPT.: Housing

TITLE: **Multi-Family Housing Tax-Exempt Bond Financing for 424 Bryant Street (Lot 12)**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount Not to Exceed Seventy-Five Million Dollars ($75,000,000) for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement and Equipping of Mountain View Lot 12 and Certain Other Matters Relating Thereto, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

Alta Housing and Related California have partnered to develop a 120-unit, fully affordable rental project on the City-owned parking lot at 424 Bryant Street (Lot 12). The project is funded with multiple sources, including $23.45 million in City funding, low-income housing tax credits, and tax-exempt bond financing. The tax-exempt designation of the bonds is not automatic; it requires completion of the federal Tax Equity and Fiscal Responsibility Act (TEFRA) process, including a public hearing and City Council adoption of a resolution approving the California Municipal Finance Authority's (CMFA) issuance of bonds. It also requires a bond allocation and a legal opinion from bond counsel confirming that all requirements under the Internal Revenue Code have been met.

California Municipal Finance Authority Housing Bond Program

CMFA was created on January 1, 2004, pursuant to a Joint Exercise of Powers Agreement (JPA) to assist local governments, nonprofit organizations, and businesses with the issuance of taxable and tax-exempt bonds to fund a wide range of activities – including affordable housing projects – to improve the standard of living in California. Membership is a prerequisite for CMFA to issue bonds for projects within a given jurisdiction. To date, more than 300 municipalities, including the City of Mountain View, have joined CMFA.

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 representatives and its Board of Directors have considerable experience in bond financings. The CMFA noncompetitively issues bond financing based on a project's eligibility, funding criteria, and compliance with procedural requirements, such as the City's bond hearing and resolution adoption.

The bonds may be used to finance the construction of a new project or refinance the acquisition and rehabilitation of an existing 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. Obtaining financing through the bond program also allows a project to be eligible for low-income housing tax credits.

Tax and Equity Fiscal Responsibility Act Hearing Overview

In order for CMFA to issue the bonds on a tax-exempt basis, the TEFRA requires a public hearing to provide the public an opportunity to speak for or against financing the project with the bonds. The hearing may be held in-person or via teleconference. The entity holding the public hearing must be located within Mountain View. Notice of the 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.

TEFRA hearings are routinely held for affordable housing projects as tax-exempt bond financing and low-income housing tax credits are key funding sources for nearly all affordable housing projects. The City last conducted a TEFRA hearing via teleconference on November 16, 2023, for the 1265 Montecito affordable housing project being developed by Charities Housing, which allowed CMFA to issue tax-exempt bonds for the project.

ANALYSIS

On October 17, 2025, CMFA conducted a public hearing via teleconference, with City staff in attendance consistent with the City's past practice for TEFRA hearings, to provide an opportunity for the public to speak for or against the bond financing for the Lot 12 project. Notice of the hearing was published in the *Palo Alto Daily Post* in accordance with public noticing requirements. There were no members of the public in attendance, and no comments were received. A transcript of the hearing is included as Attachment 2 to this report.

To satisfy federal requirements under the Tax Equity and Fiscal Responsibility Act (TEFRA), the City Council is now being asked to adopt a resolution (see Attachment 1) approving the issuance of tax-exempt bond financing by CMFA. As is typical with tax-credit projects, Alta Housing and Related California have formed a limited partnership, MV Lot 12 Housing Partners, L.P., a California limited partnership, to apply for the bonds and tax-credit financing and oversee construction of the project. A tax credit reservation for the project was made in August 2025 by the Tax Credit Allocation Committee (TCAC); however, the tax credit will not be formally issued until this tax-exempt bond financing is approved. Adoption of the TEFRA resolution authorizes CMFA to issue these bonds, triggering the release of the tax credits. Together, the bond proceeds and tax credit equity complete the project financing, enabling construction to begin in January 2026.

FISCAL IMPACT

Adoption of the resolution is necessary for the developer to proceed with securing necessary bond financing from CMFA as well as tax credits for the project. The bonds are the sole financial obligation of the developer and do not create any financial obligation for the City.

The CMFA shares a portion of its bond issuance fees with its member agencies. It is anticipated that the City will receive approximately $15,000 from the CMFA related to this issuance. The funds may be used for any lawful City purpose; however, consistent with past practice, staff recommends depositing the proceeds into the City's Housing Fund to support future affordable housing efforts.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding $500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT
☒ General policy and legislative actions

ALTERNATIVES

1. Do not approve the resolution allowing CMFA to issue the multi-family tax-exempt bonds to finance the affordable housing development at 424 Bryant Street (Lot 12).

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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Attachment:
1. Resolution Authorizing Issuance of Multi-Family Housing Tax Exempt Bond Financing
2. TEFRA Hearing Transcript