



AGENDA REPORT

Community Development

DATE:	October 18, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Lina Velasco, Director of Community Development
SUBJECT:	TEFRA Hearing for The Nevin Plaza Apartments Affordable Housing Project
FINANCIAL IMPACT:	<p>The proposed Bonds to be issued by the California Municipal Finance Authority (“CMFA”) for the Project will be the sole responsibility of the Borrower, and the City will have no financial or legal obligation 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.</p> <p>The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. 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. With respect to the City of Richmond, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.</p>
PREVIOUS COUNCIL ACTION:	None

<p>STATEMENT OF THE ISSUE:</p>	<p>The CMFA requests that the City Council hold a public hearing under the Tax Equity and Fiscal Responsibility Act (“TEFRA”) in connection with the issuance of revenue bonds, in an amount not to exceed \$50,000,000, for the benefit of EAH Inc. (the “Sponsor”), on behalf of Nevin Plaza I, L.P., a California limited partnership, or another ownership entity to be created by the Sponsor, or an affiliate of the Sponsor for the purpose of owning the project described herein (such limited partnership or other ownership entity being referred to herein as the “Borrower”) as part of a plan to: (1) finance and refinance the acquisition and rehabilitation of a 140-unit multifamily rental housing facility for very low-income seniors and persons with disabilities (the “Project”) to be owned and operated by the Borrower and located at 2400 Nevin Avenue in the City of Richmond, California (the “City”), and (2) pay certain expenses in connection with the issuance of the Bonds.</p>
<p>RECOMMENDED ACTION:</p>	<p>HOLD a public hearing relating to the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), in an amount not to exceed \$50,000,000, for the benefit of the Nevin Plaza I, L.P., for the acquisition and rehabilitation of a 140-unit multifamily rental housing facility for very low-income seniors and persons with disabilities located at 2400 Nevin Avenue in the City of Richmond, California; and ADOPT a resolution approving the issuance of the bonds by the CMFA for the sole purpose of satisfying Tax Equity and Fiscal Responsibility Act requirements – Community Development (Lina Velasco 510-620-6706).</p>

DISCUSSION:

California Municipal Finance Authority (CMFA)

The 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 320 municipalities, including the City of Richmond, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

Project to be Financed

The Borrower requests that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$50,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to (1) finance and refinance the acquisition and rehabilitation of a 140-unit multifamily rental housing facility for very low-income seniors and persons with disabilities to be owned and operated by the Borrower and located at 2400 Nevin Avenue in the City of Richmond, California, and (2) pay certain expenses in connection with the issuance of the Bonds.

TEFRA Hearing

As required by the Tax Equity and Fiscal Responsibility Act of 1982 (as set forth in Section 147 (f) of the Internal Revenue Code of 1986), in order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City must conduct a public hearing (the “TEFRA Hearing”) providing the 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. Following the close of the TEFRA Hearing, the City Council must, in its discretion, decide whether to provide its approval of the issuance of the Bonds by CMFA for the financing of the Project.

CONCLUSION:

City staff recommends that the City Council (1) conduct the Public Hearing; and (2) Adopt a Resolution approving the issuance of bonds by the CMFA for a 140-unit multifamily rental housing facility for very low-income seniors and persons with disabilities located at 2400 Nevin Avenue in the City of Richmond.

DOCUMENTS ATTACHED:

Attachment 1 – Resolution
Attachment 2 – Notice of Public Hearing