



CITY COUNCIL STAFF REPORT



March 19, 2024

ITEM TITLE

Bond Approval: Approve the Issuance of Tax-Exempt Multifamily Housing Revenue Bonds for the Construction of the Congregational Place Project and Certain Other Matters Relating Thereto

Report Number: 24-0072

Location: 305 E Street

Department: Housing and Homeless Services

G.C. § 84308: No

Environmental Notice: The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change to the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

Recommended Action

Adopt a resolution pursuant to Section 147(F) of the Internal Revenue Code of 1986 approving the issuance of multifamily housing revenue bonds by the California Municipal Finance Authority to finance or refinance the acquisition, construction, improvement and equipping of the Congregational Place Project and certain other matters relating thereto.

SUMMARY

The City of Chula Vista has received a request for the approval of issuance by the California Municipal Finance Authority of \$30,000,000 in its tax-exempt multifamily housing revenue bonds for the purpose of financing the acquisition, construction, improvement, and equipping of a multifamily rental housing development to be known as Congregational Place, located at 305 E Street, Chula Vista, California.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (“CEQA”) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change to the environment;

therefore pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

3rd Street RHF and CCDC Partners, LP, a California limited partnership, or an affiliate thereof (the “Borrower”), has requested that the City of Chula Vista (“City”) participate in the issuance of one or more series of tax-exempt revenue bonds or notes issued from time to time, pursuant to a plan of finance, in an aggregate outstanding principal amount not to exceed \$30,000,000 (the “Bonds”) for the acquisition, construction, improvement and equipping of a multifamily rental housing development known as Congregational Place located at 305 E Street, Chula Vista, California (Attachment 1: Locator Map), to be owned and operated by the Borrower (the “Project”).

California Municipal Finance Authority

The California Municipal Finance Authority (the “CMFA”) will serve as the issuer of the Bonds. 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 350 municipalities, including the City, 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 financing.

TEFRA

In compliance with Section 147(f) of the Internal Revenue Service Code of 1986, reflecting the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), a public hearing (the “TEFRA Hearing”) must be conducted to provide members of the community with an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Reasonable notice of the TEFRA Hearing to members of the community must be published by the agency conducting the hearing. For all or a portion of the Bonds to qualify as tax-exempt bonds, the City, as the “applicable elected representative” of the governmental unit hosting the Project must, following the TEFRA Hearing, provide its approval of the issuance of the Bonds for the financing of the Project by the CMFA.

On Friday, March 8, 2024, a notice was published in The Star News, a newspaper of general circulation in the City of Chula Vista, informing the public that a public hearing would be held by the City Council of the City of Chula Vista. The meeting is scheduled for Tuesday, March 19, 2024 at 5:00 p.m. to allow public comments regarding the issuance of the Bonds and the Project for which Bond funds will be allocated. Following the public comment period, the City Council will consider approving the issuance, sale, and delivery of the Bonds by the CMFA.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council members, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Bond Financing is a self-supporting program with the Borrower solely responsible for the payment of all costs of issuance and other costs of the bonds. The City will have no financial, legal, or moral obligation, liability, or responsibility for the Project or the repayment of the Bonds for the financing of the Project. 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.

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 those issuance fees to the Foundation for the support of local charities. With respect to the City of Chula Vista, it is expected 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.

Borrower is responsible for payment to the City of a \$3,500 fee for costs of the TEFRA approval and related actions.

ONGOING FISCAL IMPACT

There will be no further fiscal impact as this is a one-time action, with the CMFA responsible for all ongoing activities associated with monitoring compliance of the regulatory restrictions and administration of the outstanding Bonds.

ATTACHMENTS

1. Locator Map

Staff Contact: Brian Warwick, Housing Manager, City of Chula Vista