



# Agenda Report

January 27, 2020

**TO:** Honorable Mayor and City Council

**FROM:** Department of Finance

**SUBJECT:** **TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING AND RESOLUTION FOR THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) FOR THE BENEFIT OF STANDARD VILLA RAYMOND VENTURE LP.**

## **RECOMMENDATION:**

It is recommended that the City Council hold a TEFRA hearing and:

1. Find that the proposed action is not a "project" subject to California Environmental Quality Act (CEQA) as defined in section 15378(b)(4) of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt a Resolution of the City Council of the City of Pasadena approving the issuance of the California Municipal Finance Authority (CMFA) Multifamily Housing Revenue Bonds in an aggregate principal amount not to exceed \$30,000,000 for the purpose of financing or refinancing the acquisition, rehabilitation, improvement and equipping of Villa Raymond Apartments and certain other matters related thereto.

## **BACKGROUND:**

The Villa Raymond Apartments project is the acquisition and rehabilitation of an existing 4-story, 61-unit, senior affordable housing community located at 455 N. Raymond Ave., Pasadena, CA. The property is subsidized with a project-based Section 8 Housing Assistance Payment (HAP) contract covering 100% of the units. Current site amenities include a community room, a library, laundry facilities and a courtyard/picnic area. The rehabilitation will include significant improvements to the residential and community space. Energy efficiency improvements will be made to current systems. Simple exterior improvements are envisioned to create an updated appearance and improved street presence. Site amenities will be updated to significantly reduce water consumption. Interiors will be completely renovated, upgrading paint, flooring, kitchens, bathrooms,

fixtures and appliances. ADA improvements will also be a part of both exterior and interior work. Rents will be restricted to households with incomes no greater than 50% and 60% of the area median income. This financing will preserve affordable housing for this project in the City for another 55 years.

Standard Villa Raymond Venture LP (the “Borrower”) a partnership of which Standard Property Company, Inc. (the “Developer”) is the general partner, has requested that the CMFA adopt a plan of financing providing for the issuance of tax exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the “Code”) in an aggregate principal amount not to exceed \$30,000,000 to finance or refinance the acquisition, rehabilitation, improvement and equipping of a multifamily rental housing project located at 455 N. Raymond Ave.

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”) that provides 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.

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 300 municipalities, including the City of Pasadena, 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.

### **COUNCIL POLICY CONSIDERATION:**

This action supports the City Council’s strategic goals to maintain fiscal responsibility and stability and to improve the quality of life.

### **ENVIRONMENTAL ANALYSIS:**

The proposed action is the approval of the tax-exempt financing for the acquisition and rehabilitation of the existing property. Bond Counsel for the CMFA has advised the City that this action is not a “project” pursuant to the California Environmental Quality Act (“CEQA”) in accordance with State CEQA Guidelines Section 15378(b)(4). This section of the State CEQA Guidelines excludes from the definition of “project” any government funding mechanism or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact to

the environment. Bond Counsel for the CMFA has advised that the funding mechanism here does not approve of or commit The Standard Villa Raymond Venture LP to any particular project, and only provides a funding mechanism for the improvement and rehabilitation of the senior housing apartments.

**FISCAL IMPACT:**

This action requires staff and outside counsel time which will be reimbursed by CMFA or The Standard Villa Raymond Venture LP as part of the proposed financing. There is no anticipated impact to other operational programs or capital projects as a result of this action. The adoption of the Resolution approving the project and the issuance of the bonds complies with the requirements of Section 147(f) of the Internal Revenue Service Code. The proposed obligations to be issued by the CMFA will be the sole responsibility of The Standard Villa Raymond Venture LP. The City will have no financial or legal obligation for the tax exempt status of the bonds, the debt service on the bonds, nor any other matter related to the proposed bonds. In addition, CMFA and/or The Standard Villa Raymond Venture LP will provide indemnification to the City consistent with this lack of financial or legal obligation to the City.

Respectfully submitted,

  
\_\_\_\_\_  
MATTHEW E. HAWKESWORTH  
Director of Finance

Prepared by:

  
\_\_\_\_\_  
Vic Erganian  
Deputy Director of Finance/City Treasurer

Approved by:

  
\_\_\_\_\_  
STEVE MERMELL  
City Manager