



# Agenda Report

May 18, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Department of Finance

**SUBJECT:** **HOLD TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING AND ADOPT A RESOLUTION FOR THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) FOR THE BENEFIT OF 600 NORTH ROSEMEAD, LP**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Hold a TEFRA hearing; and
2. Adopt a resolution of the City Council of the City of Pasadena approving a plan of finance including the issuance of exempt facility bonds by the California Municipal Finance Authority in an aggregate outstanding principal amount not to exceed \$60,000,000 to finance and refinance a qualified residential rental project for the benefit of 600 North Rosemead, LP (or an affiliate), and certain other matters relating thereto.

## **BACKGROUND:**

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$60,000,000 (the "Bonds") of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance and refinance the acquisition, rehabilitation, development, construction and equipping of a 133-unit (including two manager's units) multifamily rental housing project (the "Project") to be owned and operated by the Borrower and located at 600 North Rosemead Boulevard within the City of Pasadena, California (the "City"). The project is an affordable family housing development that converts an existing office building into housing, while also constructing a new apartment building on the existing parking lot. Most of the building consists of 2- and 3-bedroom units for families, with a specific preference for eligible Eaton Fire survivors. Funded by Low Income Housing Tax Credits and other private financing, the property will record a 55-year affordability covenant to ensure rents will not exceed 30% of income for qualifying tenants. The project will provide over 15,000 SF of open space for tenants, as well as tailored amenities such as a children's play area, laundry, gym, community room, and bike storage.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the Borrower may request a qualifying agency to 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 in accordance with Section 147(f) of the Internal Revenue Code. As part of the public hearing, the City Council may also consider whether it is in the public interest and for the public benefit that the City authorizes the financing and/or refinancing of the Project on a tax-exempt basis.

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 financing.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City’s General Plan – Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy – a goal of the City Council’s Strategic Plan.

**ENVIRONMENTAL ANALYSIS:**

The proposed action is the approval of the tax-exempt financing for the acquisition and rehabilitation of the existing property. Accordingly, this action is not a “project” pursuant to the California Environmental Quality Act (“CEQA”) in accordance with State CEQA Guidelines Section 15378(b)(4), as Bond Counsel has similarly advised. 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 600 North Rosemead, LP to any particular project, and only provides a funding mechanism for the acquisition and construction of the affordable housing apartments.

**FISCAL IMPACT:**

This action requires the CMFA or 600 North Rosemead, LP, apartment project as part of the proposed financing, to reimburse staff and outside counsel for their time. 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 600 North Rosemead, 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. 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. In addition, CMFA and/or 600 North Rosemead, LP will provide indemnification to the City consistent with this lack of financial or legal obligation to the City.

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. It is expected that a portion of the issuance fee attributable to the City, will be granted by the CMFA to the City in an estimated amount of \$19,800. In addition, the City will receive \$10,000 representing the TEFRA fee that it charges on such transactions.

Respectfully submitted,

  
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Director of Finance

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