

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 COLORADO CREST, LP LOCATED AT 1756-1776 EAST COLORADO BOULEVARD

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 the issuance of the California Municipal Finance Authority exempt facility bonds for a qualified residential rental project in an aggregate principal amount not to exceed \$20,000,000 for the purpose of financing or refinancing the acquisition, construction, improvement and equipping of Colorado Crest Apartments, and certain other matters related thereto.

BACKGROUND:

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds") of tax-exempt revenue bonds. The proceeds of the Bonds will be used to: (1) finance or refinance the acquisition, construction, improvement and equipping of Colorado Crest Apartments, a multifamily rental housing project located at 1756-1776 East Colorado Boulevard, Pasadena, California (the "City"); and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The Colorado Crest project is a proposed 45-unit new construction 100% affordable multifamily development. This project will be the first phase of a two-phase 90-unit development. Construction is anticipated to begin in the second quarter of 2026 and be completed in the first quarter of 2028. There will be 15 one-bedroom units, 12 two-bedroom units, and 18 three-bedroom units that will be offered to large families, in one seven-story building. The community will offer a variety of on-site amenities including a community room, on-site management, children's play area, and on-site laundry facilities.

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 1756-1776 East Colorado Boulevard to any particular project, and only provides a funding mechanism for the acquisition and construction of the affordable housing apartments.

FISCAL IMPACT:

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, 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 these issuance fees to the Foundation for the support of local charities. With respect to the City of Pasadena, it is expected that that a portion, an estimated \$15,000 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. In addition, the City will receive \$10,000 representing the TEFRA fee that it charges on such transactions.


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.

Respectfully submitted,



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Approved by:



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