



Staff Report

TO: City Council
FROM: Christina Taylor, Community Development Director
DATE: February 15, 2022
SUBJECT: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Noble Creek Apartments

Background and Analysis:

HPD Noble Creek II LP (“Borrower”) has requested that the California Statewide Communities Development Authority (“CSCDA”) serve as the municipal issuer of tax-exempt multi-family housing revenue bonds in an aggregate principal amount not to exceed \$12,000,000 (“Bonds”).

The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower to finance the acquisition, rehabilitation, improvement and equipping of the Noble Creek Apartments, 719 Xenia Avenue and being generally located at the southwest corner of Xenia Avenue and Eighth Street (“Project”). This complex is a 108-unit affordable multifamily rental housing development. The project site will be owned and operated by the Borrower. A location map is provided below.



On December 8, 2021, the project received an award of private activity bond allocation from the California Debt Limit Allocation Committee. The Bonds will be issued as limited obligations of CSCDA, and the City will have no liability with respect to the Bonds or any role to play in the bond issuance other than being required to hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing. The Bonds to be issued by the CSCDA for the Project will be the sole responsibility of 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 loan will contain clear disclaimers that the Bonds are not obligations of the City and are to be paid for solely from funds provided by Borrower. The Joint Exercise of Powers Agreement provides that the CSCDA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CSCDA do not constitute debts, liabilities or obligations of the members executing such agreement.

As cited in the published notice of February 4, 2022, in the Press Enterprise, the public hearing is to be held so that all interested persons have the opportunity to speak or to submit written comments concerning the proposal to issue the Bonds and the nature or location of the Project to be financed; however, there is no formal obligation on the part of the Borrower or the City Council to respond to any specific comments made during the hearing or submitted in writing. The public hearing is also a requirement for all of a portion of the Bonds to qualify as tax exempt.

Adoption of the resolution is solely for the purposes of satisfying the requirements of the TEFRA, the Internal Revenue Code and the California Government Code Section 6500. Prior to such TEFRA hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project. A public notice was published on February 4, 2022 (Attachment A).

CSCDA is a joint powers authority sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 530 members, including the City of Beaumont. CSCDA has issued more than \$65 billion through 1,700 plus financings since 1988 and consistently ranks in the

top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

Fiscal Impact:

The cost for review of documents and preparation of this staff report is estimated to be \$1,500.00. The applicant has agreed to pay the City for its services. Except for such fee, there is no fiscal impact to the City. The Bonds will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

Recommended Action:

Conduct a Tax Equity and Fiscal Responsibility Act Hearing in consideration of the issuance of tax-exempt bond financing by the California Statewide Communities Development Authority for the benefit of HPD Noble Creek II LP, to provide financing for the acquisition, rehabilitation, improvement, and equipping of a 108-unit multifamily rental housing project generally known as Noble Creek Apartments; and

Waive the full reading and adopt by title only, A Resolution of the City Council of the City of Beaumont Approving the Issuance by the California Statewide Communities Development Authority of Multi-Family Housing Revenue Bonds for the Noble Creek Apartments.”

Attachments:

- A. Public Notice
- B. Resolution