



Folsom City Council Staff Report

MEETING DATE:	9/28/2021
AGENDA SECTION:	Public Hearing
SUBJECT:	Resolution No. 10708 - A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$34,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Mangini Place Apartments and Certain Other Matters Relating Thereto
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to Adopt Resolution No. 10708 - A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$34,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Mangini Place Apartments and Certain Other Matters Relating Thereto.

BACKGROUND / ISSUE

Mangini Place Apartments is a highly amenitized master planned community comprised of 152 income restricted family rental housing residences. The proposed Mangini Place Apartments project (“Project”) is located on the northwest corner of Savannah Parkway and Mangini Parkway within the Folsom Plan Area Specific Plan. The Project fronts directly onto Mangini Parkway and will have access to a master planned system of trails, parks and bicycle paths and will be within walking proximity to Mangini Ranch Elementary school, Mangini Park (a planned and funded public park) and a master planned Transit Corridor with a fully planned dedicated Bus Rapid Transit System.

FIGURE 1: MANGINI PLACE PROJECT SITE



The proposed project was approved by the Planning Commission on August 18, 2021 and includes development of six three-story apartment buildings, featuring 89 one-bedroom, 24 two-bedroom, and 39 three-bedroom units. With more than 25 percent of the units designated as three-bedroom, this project is categorized as “Large Family” and targets family households. All units will be income and rent restricted to households with incomes between 30 percent and 70 percent of the Area Median Income for Sacramento County.

On January 26, 2021 the City Council was presented with two affordable housing (Sage Senior Apartments and Mangini Place Apartments) loan requests. Staff presented project information, financial analysis, and other considerations with preliminary recommendations. Based on the information provided and favorable preliminary analyses for both affordable housing funding requests by the City’s housing loan consultant, TDA Consulting, Inc. (TDA), the City Council gave their support to provide funding for both projects. However, given that the total funds requested for both projects exceeded the City’s housing fund balance and given that Sage Apartments had approved entitlements and was further along in the process, City Council approved the Sage Apartments funding request of up to \$4.5 million and directed staff to come back to City Council at a future date with a funding plan for Mangini Place.

At the time of this staff report, an updated project pro forma for Mangini Place is being reviewed by TDA. In addition, since January the housing fund balance has grown steadily. As such, staff anticipates that the Mangini Place funding request will be presented to the City Council in October or November of this year.

The City Council is being asked to adopt a resolution that would approve the issuance of multifamily housing revenue bonds by the California Public Finance Authority ("CalPFA") for the purpose of financing the acquisition and construction of the Mangini Place multifamily residential housing project to be located in the City.

The Project received "private activity bond" allocation from the California Debt Limit Allocation Committee ("CDLAC") on August 11, 2021 and prior to closing, CalPFA will be required to adopt a resolution which would approve the execution and delivery of certain bond documents that would reflect the terms of the bonds.

In order for all or a portion of the bonds to qualify as tax-exempt bonds, the City of Folsom must conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") to allow 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.

POLICY / RULE

Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that the "applicable elected representatives" of the jurisdiction in which a project is to be financed with "private activity bonds" is situated, adopt a resolution approving the issuance of such "private activity bonds" after holding a public hearing which has been noticed in a newspaper of general circulation in such jurisdiction.

ANALYSIS

This public hearing by the City Council is held pursuant to Section 147(f) of the Internal Revenue Code in order to comply with the statutory requirements prior to CalPFA issuing the multifamily housing revenue bonds. CalPFA is not permitted to issue bonds for the Project without first conducting a public hearing and obtaining permission from the governing board of the jurisdiction in which the project is located, which in this case is the City Council of the City of Folsom.

CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt conduit bonds for public and private entities throughout California. CalPFA was established to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure and improve the overall quality of life in local communities. As of 2017, the City of Folsom is an additional member of CalPFA, which allows CalPFA to issue bonds and finance the Project.

FINANCIAL IMPACT

As set forth in the Joint Exercise of Powers Agreement of CalPFA, the debt from bonds issued by CalPFA would not be a debt or financial obligation or liability of the City. Pursuant to the

governing California statutes and the JPA Agreement, members of CalPFA are not responsible for the repayment of obligations incurred by CalPFA. The debt from the bond issuance would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the Project developer and CalPFA. In the financing documents, the Project developer will be required to provide comprehensive indemnification to CalPFA and its members, including the City of Folsom. The City's membership in the Authority bears no cost or financing obligation.

ENVIRONMENTAL REVIEW

The Mangini Place Apartments project is exempt from environmental review under Government Code Section 65457 and Section 15182 of the California Environmental Quality Act Guidelines.

ATTACHMENT

Resolution No. 10708 - A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$34,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Mangini Place Apartments and Certain Other Matters Relating Thereto

Submitted,

A handwritten signature in blue ink, appearing to read "Pam Johns", with a long horizontal flourish extending to the right.

Pam Johns, Community Development Director

RESOLUTION 10708

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$34,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF MANGINI PLACE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Mangini Place Affordable, LP or a partnership of which St. Anton Communities, LLC (the "Developer") or a related person to the Developer is the general partner, has requested that the California Public Finance Authority (the "Authority") adopt a plan of financing providing for the issuance of 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 one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$34,000,000 in outstanding aggregate principal amount (the "Bonds") for the acquisition, construction, improvement and equipping of a multifamily rental housing project located at Northwest corner of Mangini Parkway and Savannah Parkway (formerly Placerville Road), Folsom, California (the "Project"); and

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City of Folsom (the "City") because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 (the "Agreement"), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority; and

WHEREAS, the City Council understands that its actions in holding this public hearing and in approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Folsom as follows:

Section 1. The City Council hereby approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the City Council

that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 12 of the Agreement.

Section 2. The officers of the City Council are hereby authorized and directed, jointly and severally, to do any and all things and execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.

Section 3. The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Loan for the financing of the Project.

Section 4. This Resolution shall take effect from and after its passage and approval.

PASSED AND ADOPTED this 28th day of September 2021, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK