



## Legislation Text

File #: 2024-0174, Version: 1

### Report to Mayor and City Council

Wednesday, March 06, 2024

Special Orders of the Day

#### SUBJECT:

**PUBLIC HEARING UNDER THE TAX AND EQUITY FISCAL RESPONSIBILITY ACT TO CONSIDER RESOLUTION NO. 24-023 TO APPROVE CONDUIT BOND FINANCING FOR THE AVALON COURTYARD APARTMENTS AFFORDABLE HOUSING PROJECT THROUGH THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

#### I. SUMMARY

This action is to conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the "CMFA"), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$20,000,000, (the "Bonds"), to finance or refinance the acquisition, rehabilitation, improvement and equipping of a senior multifamily rental housing project located at 22121 S. Avalon Boulevard, Carson, California (the "Project") and to adopt a resolution to approve the financing of the Project by the CMFA.

TEFRA hearings are required under Federal tax law where a local legislative body must approve a resolution considering the issuance of tax-exempt financing in its jurisdiction. It does not create any financial obligation on the part of the local body but is strictly an acknowledgement and approval of the third party debt issuance.

#### II. RECOMMENDATION

- 1) **OPEN** the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the "Code") and take testimony.
- 2) **CLOSE** the public hearing.
- 3) **ADOPT** Resolution No. 24-023, approving the issuance of the Bonds by the CMFA for the benefit of Avalon TSA Housing LP (the "Borrower") a partnership of which Thomas Safran & Associates Development, Inc. (the "Developer") or a related person to the

Developer is the general partner, to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

1)

### **III. ALTERNATIVES**

**TAKE** another action the Council deems appropriate.

### **IV. BACKGROUND**

The Borrower, Thomas Safran & Associates (“TSA”) requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$20,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance or refinance the acquisition, rehabilitation, improvement and equipping of a senior multifamily rental housing project located at 22121 S. Avalon Boulevard, Carson, California

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Carson must conduct a public hearing (the “TEFRA Hearing”) providing for the 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. 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.

#### **CALIFORNIA MUNICIPAL FINANCE AUTHORITY:**

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 350 municipalities, including the City of Carson, 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.

### **V. 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 Carson, it is expected that that a portion 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.

## **VI. EXHIBITS**

1. Public Hearing Notice (pg. 4)
2. Resolution No. 24-023 (pgs. 5-7)

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