



Legislation Text

File #: 17-366, **Version:** 1

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SUBJECT: Request to Set a Public Hearing for the Tax Equity and Fiscal Responsibility Act (TEFRA) Regarding the Facilitation of Bond Sales by the Statewide Communities Development Authority for the Gateway Terrace II Project

REPORT IN BRIEF

Request to set a public hearing for Monday, August 7, 2017, to consider the Tax Equity and Fiscal Responsibility Act (TEFRA) Regarding the Facilitation of Bond Sales by the Statewide Communities Development Authority for the Gateway Terrace II Project.

RECOMMENDATION

City Council - Adopt a motion setting a public hearing for Monday, August 7, 2017, to consider the Issuance of Multi-Family Housing Revenue Bonds for Gateway Terrace II Apartments.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff; or,
3. Deny; or,
4. Refer to the City Manager for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 405 and 411, et seq. of the City of Merced and as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and California Government Code Section 6500, amended.

CITY COUNCIL PRIORITIES

As proposed for in the 2017-18 budget and appropriated to the City of Merced as a HUD entitlement community by the U.S. Department of Housing and Urban Development Annual Action Plan.

DISCUSSION

Staff is requesting Council to set a public hearing to consider the Tax Equity and Fiscal Responsibility Act (TEFRA) Regarding the Facilitation of Bond Sales by the Statewide Communities Development Authority for the Gateway Terrace II Project. The Merced Gateway Investors, LP, a limited partnership established by the Central Valley Coalition for Affordable Housing (Coalition), submitted

an application to the California Statewide Communities Development Authority (CSCDA) for tax exempt funds to construct a 50-unit multifamily housing development, "Gateway Terrace II." The project will be located at 13th and K Streets.

To finance the project, Merced Gateway Investors, LP, intends to use no more than \$8 million of tax-exempt bonds to finance construction, improvements, and equipping of the facility. The California Statewide Community Development Authority (the Authority) will issue the bonds. The City is not under any obligation to repay the bond indebtedness nor is there any liability in acting as facilitator of this public hearing.

In order for the Authority to issue bonds, the City must: (1) conduct a public hearing allowing members of the public to comment on the proposed project; and, (2) approve of the Authority's issuance of bonds on behalf of the proposed financing. Although the Authority (not the City) will be the issuer of the tax-exempt revenue bonds, financing cannot proceed without the City being a member of the Authority, and, as the governmental entity having jurisdiction over the site, approve a resolution in favor of the Authority's issuance of indebtedness. The City of Merced is a member of the Authority.

IMPACT ON CITY RESOURCES

No appropriation of general funds is needed.

ATTACHMENTS

1. CSCDA - TEFRA Request
2. CSCDA - Application