



Office of the City Manager

PUBLIC HEARING
April 28, 2026

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Scott Gilman, Director, Health, Housing, and Community Services

Subject: California Municipal Finance Authority Bond Financing for Ephesian Legacy Court Apartments Project

RECOMMENDATION

Conduct the public hearing on April 28, 2026, under the requirements of Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), and upon conclusion:

Adopt a Resolution approving the issuance of the Bonds by the California Municipal Finance Authority (“CMFA”) for the benefit of Ephesian Legacy Court Limited Partnership, a California limited partnership (the “Borrower”), to provide for the financing of Ephesian Legacy Court (the “Project”). The adoption is intended to solely satisfy the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

FISCAL IMPACTS OF RECOMMENDATION

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 Berkeley, it is expected that a portion of the issuance fee attributable to the City will be granted by the CMFA and while such grant may be used for any lawful purpose of the City, Staff recommend this funding be applied to the HTF program.

CURRENT SITUATION AND ITS EFFECTS

Community Housing Development Corporation of North Richmond (CHDC) is the sponsor of an 80-unit rental housing project for low-income and very low-income senior tenants, to be located at 1708 Harmon St. This project received a \$3,556,400 Housing Trust Fund (HTF) predevelopment loan from the City, which was authorized on April 20, 2021, in resolution 69,795-N.S., and on December 14, 2021, in resolution 70,135-N.S. Additionally, on February 10th, 2026, with resolution 72,124-N.S., the City Council extended the approval of a \$14,531,301 HTF loan to support the development financing of this project. The Borrower requested that the CMFA serve as the municipal issuer of tax-exempt revenue bonds in an aggregate principal amount not to exceed \$30,000,000 (the “Bonds”). The proceeds of the Bonds will be used to finance and refinance the acquisition, construction, development and equipping of the Project, to be owned and operated by the Borrower.

For the bonds to qualify as tax-exempt bonds, the City must conduct a public hearing (the “TEFRA Hearing”) to provide members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the Project’s financing. Prior to the 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 government hosting the Project must provide its approval of the issuance of bonds for its financing. This adoption is intended to solely satisfy the requirements of TEFRA, the Internal Revenue Code, and the California Government Code Section 6500.

BACKGROUND

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 330 municipalities, including the City of Berkeley, 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 financing aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Developing infill, affordable housing is widely accepted as a best practice for reducing greenhouse gas emissions associated with vehicle miles traveled.

RATIONALE FOR RECOMMENDATION

The proposed project is eligible for tax-exempt bonds. The Council’s approval of the CMFA’s issuance will help the Project access tax-exempt financing to support the City’s supply of low- and very-low income units in accordance with the City’s Regional Housing Needs Allocation and Strategic Plan goals. The City has previously invested

HTF funds to support this project's financing, which will be leveraged in conjunction with these tax-exempt bonds to support the Project's completion.

ALTERNATIVE ACTIONS CONSIDERED

The City may decline to hold a TEFRA hearing at all, or to hold the hearing but not approve the bonds. While it is preferable for the City to hold the TEFRA hearing and approve the use of bonds, CMFA could approach Alameda County to fill this role if the City declined. Alternatively, the project would need to identify a new funding plan that does not include bond funds if the City Council does not approve the issuance. The resulting delays and/or additional expenses would negatively impact the Project's feasibility.

CONTACT PERSON

Kelly deWolfe, Community Development Project Coordinator, HHCS, (510) 981-5424

Attachments:

- 1: Resolution
- 2: Public Hearing Notice

RESOLUTION NO. ##,###-N.S.

APPROVING A PLAN OF FINANCE OF THE CALIFORNIA MUNICIPAL FINANCE
AUTHORITY TO ISSUE AND REISSUE REVENUE BONDS FOR A QUALIFIED
RESIDENTIAL RENTAL PROJECT FOR THE BENEFIT OF EPHESIAN LEGACY
COURT LIMITED PARTNERSHIP

WHEREAS, Community Housing Development Corporation of North Richmond, a California nonprofit public benefit corporation (the “Developer”), on behalf of Ephesian Legacy Court Limited Partnership, a California limited partnership, or another ownership entity created by its general partners CHDC Ephesian Legacy Court Berkeley LLC, a California limited liability company, and Ephesian Legacy Court Berkeley LLC, a California limited liability company (the “General Partners”), or by another affiliate of the Developer (such limited partnership or other ownership entity, the “Borrower”), has requested that the California Municipal Finance Authority (the “Authority”) undertake a proposed plan of finance to issue and reissue from time to time one or more series of revenue bonds in an outstanding principal amount not to exceed \$30,000,000 (the “Bonds”) to finance and refinance the acquisition, construction, development and equipping of an 80-unit qualified residential rental project (the “Project”) to be owned and operated by the Borrower and located at 1708 Harmon Street within the City of Berkeley, California (the “City”); and

WHEREAS, an “applicable elected representative” of the jurisdiction in which the Project is to be located is required to approve the proposed plan of finance for the Project under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the City Council of Berkeley (the “City Council”) is the elected legislative body of the City and is an “applicable elected representative” for purposes of Section 147(f) of the Code; and

WHEREAS, the Authority has advised that the Bonds may be issued pursuant to a “plan of finance” to issue an original issue of Bonds and to issue or reissue one or more additional series of Bonds from time to time after the original issue of Bonds, if necessary or desirable to comply with applicable legal requirements, all in an aggregate principal amount not to exceed \$30,000,000 to finance the Project, and all within the three-year period commencing on the date of the issuance of the first series of Bonds pursuant to this resolution; and

WHEREAS, the Authority has requested that the City Council approve the proposed plan of finance in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (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 proposed plan of finance for the Project.

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

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the proposed plan of finance of the Authority to issue and reissue from time to time of one or more series of revenue bonds in an outstanding principal amount not to exceed \$30,000,000. It is the purpose and intent of the City Council that this resolution constitute approval of the proposed plan of finance for the Project for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents 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.

Section 4. The City Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall LLP
4 West 4th Avenue, Suite 406
San Mateo, CA 94402

Section 5. This resolution shall take effect immediately upon its adoption.

**NOTICE OF PUBLIC HEARING
BERKELEY CITY COUNCIL**

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY MULTIFAMILY
HOUSING REVENUE BONDS FOR 1708 HARMON STREET**

The public may participate in this hearing by remote video or in-person.

The Department of Health, Housing, and Community Services is proposing a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, which will be held with respect to a proposed plan of finance of the California Municipal Finance Authority (the "Authority") to issue and reissue from time to time, one or more **series of revenue bonds in an outstanding principal amount not to exceed \$30,000,000** (the "Bonds"), to **finance and refinance the acquisition, construction, development and equipping of an 80-unit qualified low-income residential rental project** located at **1708 Harmon Street (the "Project")** in the City of Berkeley, California (the "City"). The Project is to be owned and operated by **Ephesian Legacy Court Limited Partnership**, a California limited partnership, or by another ownership entity to be created by its general partners, CHDC Ephesian Legacy Court Berkeley LLC, a California limited liability company, and Ephesian Legacy Court Berkeley LLC, or by another affiliate of **Community Housing Development Corporation of North Richmond**, a California nonprofit public benefit corporation (such limited partnership or other ownership entity, the "Borrower").

The Bonds and the obligation to pay principal thereof and interest thereon and any redemption premium with respect thereto **do not constitute indebtedness or an obligation of the City, the Authority, the State of California** or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be limited obligations of the Authority, payable solely from certain revenues duly pledged therefore and generally representing amounts paid by the Borrower.

The hearing will be held on **APRIL 28, 2026, at 6:00 pm or as soon thereafter as the matter can be heard** in the School District Board Room, located at 1231 Addison Street, Berkeley CA 94702.

A copy of the agenda material for this hearing will be available on the City's website at <https://berkeleyca.gov/> as of April 16, 2026. **Once posted, the agenda for this meeting will include a link for public participation using Zoom video technology, as well as any health and safety requirements for in-person attendance.**

For further information, please contact Kelly deWolfe, Community Development Project Coordinator at (510) 981-5424.

Written comments should be mailed or delivered directly to the City Clerk, 2180 Milvia Street, Berkeley, CA 94704, or e-mailed to council@berkeleyca.gov in order to ensure delivery to all Councilmembers and inclusion in the agenda packet.

Communications to the Berkeley City Council are public record and will become part of the City's electronic records, which are accessible through the City's website. **Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the City Council, will become part of the public record.** If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the City Clerk. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the City Clerk at (510) 981-6900 or clerk@berkeleyca.gov for further information.

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I hereby certify that the Notice for this Public Hearing of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on April 16, 2026.

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Mark Numainville, City Clerk

