



Office of the City Manager

PUBLIC HEARING
November 12, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Kelly Wallace, Interim Director, Health, Housing & Community Services

Subject: Public Hearing and Approval of California Municipal Finance Authority Bond Financing for 1601 Oxford Street

RECOMMENDATION

1. Conduct the public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended; and
2. Adopt a Resolution approving the issuance of the Bonds by the California Municipal Finance Authority (CMFA) for the benefit of Satellite Affordable Housing Associates or an affiliate thereof, a California limited partnership (the "Borrower"), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue 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 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.

CURRENT SITUATION AND ITS EFFECTS

Satellite Affordable Housing Associates has requested that the CMFA issue one or more series of revenue bonds. The resolution attached to this report will enable Satellite Affordable Housing Associates to access up to \$20M in tax exempt bond financing from the California Municipal Finance Authority (CMFA) for the purpose of financing the costs of the acquisition, construction, improvement and equipping of a 37-unit rental housing facility primarily for low income seniors and homeless households located at 1601-1607 Oxford Street. The City will not be a borrower or a lender for this financing. Approval is needed no later than November 12, 2019 to meet this project's financing deadline.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Berkeley 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.

The 1601-1607 Oxford Street project is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

BACKGROUND

Satellite Affordable Housing Associates (SAHA) proposed a new affordable housing development to be located at 1601-1607 Oxford Street, at the corner of Cedar Street on a portion of the All Souls Episcopal Parish property. The project includes 37 units of housing, including 34 deed-restricted affordable studios for seniors and one two-bedroom manager's unit (for a total of 35 units in the affordable housing portion). It will also include two three-bedroom units that will not be rented out and administrative offices for use by church staff (together, the church's commercial space), the costs of which will be separated from the affordable housing costs and will not be supported by City funds. On October 16, 2018, City Council approved \$6 million for this project. The Project qualified for streamlined ministerial review under SB35, receiving its land use entitlements in December 2018. In addition to the City's committed funding, the Project has received loan funds from Alameda County Measure A1 Rental Housing Development Funds and California State Department of Housing and Community Development's No Place Like Home Funds.

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 300 municipalities 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.

ENVIRONMENTAL SUSTAINABILITY

There are no environmental sustainability effects directly associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

The proposed project is eligible for tax-exempt bonds and the Council's approval of CMFA's issuance will help move this priority project forward.

ALTERNATIVE ACTIONS CONSIDERED

Staff have not identified another action which is consistent with the Council's goal of bringing the 1601 Oxford Street project to fruition.

CONTACT PERSON

Amy Davidson, Senior Community Development Project Coordinator, Health, Housing & Community Services, (510) 981-5406

Attachments:

- 1: Resolution
- 2: Public Hearing

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

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BERKELEY APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 TO FINANCE AN AFFORDABLE RENTAL HOUSING FACILITY FOR THE BENEFIT OF SATELLITE AFFORDABLE HOUSING ASSOCIATES, OR AN AFFILIATE THEREOF, AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Satellite Affordable Housing Associates, a California nonprofit public benefit corporation (the "Sponsor"), on behalf of a limited partnership or other entity to be created by the Sponsor or by an affiliate of the Sponsor (such limited partnership or other entity being referred to herein as the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$20,000,000, including but not limited to revenue bonds issued as part of a plan to finance the facilities described herein (the "Bonds"), for the acquisition, construction, improvement and equipping of a 35-unit rental housing facility primarily for low income seniors and homeless households (the "Project") to be owned and operated by the Borrower and located at 1601-1607 Oxford Street within the City of Berkeley, California (the "City"); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the City because the Project is to be 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 one of the "applicable elected representatives" required to approve the issuance of the Bonds 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 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 issuance of the Bonds by the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the City 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 issuance of the Bonds by the Authority, including but not limited to Bonds issued as part of a plan to finance the facilities described herein. It is the purpose and intent of the City Council that this resolution constitute

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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 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 Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

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

**NOTICE OF PUBLIC HEARING
BERKELEY CITY COUNCIL**

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY BOND FINANCING
FOR 1601-1607 OXFORD STREET AFFORDABLE APARTMENTS**

NOTICE IS HEREBY GIVEN that on November 12, 2019, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held with respect to the proposed issuance by the California Municipal Finance Authority (the "Authority") of its revenue bonds in one or more series in an amount not to exceed \$20,000,000, including but not limited to revenue bonds issued as part of a plan to finance the facilities described herein (the "Bonds"). The proceeds of the Bonds will be used to: (1) finance the acquisition, construction, improvement and equipping of a 35-unit rental housing facility primarily for low income seniors and homeless households, to be located at 1601-1607 Oxford Street in Berkeley, California; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by a limited partnership or other entity (the "Borrower") to be created by Satellite Affordable Housing Associates, a California nonprofit public benefit corporation (the "Sponsor"), or an affiliate of the Sponsor.

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 of Berkeley, 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 a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

The hearing will commence at 6:00 p.m. or as soon thereafter as the matter can be heard, and will be held in the School District Board Room, 1231 Addison Street, Berkeley, California. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from Carrie Lutjens, Project Manager, Satellite Affordable Housing Associates, (510) 809-2728. For general questions regarding the proposal, please contact the Department of Health, Housing and Community Services at (510) 981-5400.

A copy of the agenda material for this hearing will be available on the City's website at www.CityofBerkeley.info as of October 31, 2019.

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

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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 981-6900 or clerk@cityofberkeley.info for further information.

Published: Berkeley Voice, October 18, 2019
(Published pursuant to Section 147(f) of the Internal Revenue Code of 1986)

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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 October 31, 2019.

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Mark Numainville, City Clerk

