



Office of the City Manager

PUBLIC HEARING

March 30, 2021

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Lisa Warhuus, Director, Health, Housing, & Community Services

Subject: California Municipal Finance Authority Bond Financing for 2870 Adeline Street, Berkeley, CA (Harriet Tubman Terrace Apartments)

RECOMMENDATION

Conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, and upon conclusion, adopt a Resolution approving the issuance of the bonds by the California Statewide Communities Development Authority (CSCDA) for the benefit of the 2870 Adeline Street rental housing development.

FISCAL IMPACTS OF RECOMMENDATION

The bonds to be issued by the CSCDA will be the sole responsibility of the owner, HT Terrace Renewal, LP (Owner), and the City will have no financial, legal, moral obligation, liability or responsibility for the development or the repayment of the bonds for the financing of the development. 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 Owner.

CURRENT SITUATION AND ITS EFFECTS

The Owner applied for 4% tax credits and tax-exempt bond financing and was approved for both in December 2020. The funds will be used for acquisition financing and for rehabilitation of Harriet Tubman Terrace Apartments, a 91-unit affordable senior housing community located at 2870 Adeline Street. The Owner's goal for the renovation is to prioritize the physical health and safety needs of the community, repair or replace aging building systems, and complete some much-needed upgrades to the existing housing units. Harriet Tubman Terrace apartments will continue to operate as an affordable rental housing development. Under the requirements of the tax credit and bond financing, the Owner is required to maintain affordability until June 2076.

In order to be able to use the bonds for financing for the rehabilitation of the property, the Owner is required to hold a public hearing in the jurisdiction where the multifamily rental housing development is located. The resolution attached to this report will enable the Owner to access up to \$40,000,000 in tax exempt bond financing from CSCDA for

financing the acquisition and rehabilitation of an affordable housing apartment complex located at 2870 Adeline Street.

In order for the bonds to qualify as tax-exempt bonds, the City of Berkeley must conduct a public hearing (the “TEFRA Hearing”) to provide community members an opportunity to speak in favor of or against the use of tax-exempt bonds for the development’s financing. Following the close of the TEFRA Hearing, an “applicable elected representative” of the government hosting 2870 Adeline Street must provide its approval of the issuance of the bonds for its financing. This adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue Code, and the California Government Code Section 6500.

The rehabilitation of 2870 Adeline Street is a Strategic Plan Priority Project, advancing the City’s goal to preserve existing affordable housing in the community.

BACKGROUND

The Owner of the affordable rental housing project at 2870 Adeline Street, or the Harriet Tubman Terrace Apartments, is requesting the City hold a public hearing and adopt a resolution in support of their multifamily housing revenue bond financing request from California Statewide Communities Development Authority (CSCDA). The owner is HT Terrace Renewal, LP (Owner), or a partnership of which NFAHS Development, LLC, is the developer and general partner.

Approving this action will allow the Owner to access tax-exempt bonds for acquisition financing and rehabilitation of the existing affordable housing apartments at 2870 Adeline Street. The Owner plans to use the bond funds together with funding from the federal low income housing tax credit program to make necessary health and safety improvements and upgrades to individual units. The goal is to improve the property and maintain long-term affordability. As a result of the tax credit financing, the property will remain affordable for at least another 55 years, or through June 2076.

2870 Adeline Street, Harriet Tubman Terrace Apartments

Harriet Tubman Terrace Apartments, located at 2870 Adeline Street, is a 91-unit affordable housing community dedicated to serving low-income elderly residents of the City of Berkeley. The Property also benefits from a Section 8 Housing Assistance Payment (“HAP”) contract covering 100% of the units. Originally built in 1976, the Owner is proposing a preservation project whereby the community will undergo a substantial physical rehabilitation project. Additionally, the Owner is already working with HUD to renew and extend the HAP contract for an additional 20 years.

California Statewide Communities Development Authority

The CSCDA is a joint powers authority founded and sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

CSCDA is comprised of more than 530 members, including the City of Berkeley. CSCDA has issued more than \$65 billion through 1,700 plus financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

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 which the Owner intends to use for acquisition financing and rehabilitation of an existing affordable rental housing development.

The Council's approval of CSCDA's bond issuance will help the project access tax-exempt financing. This financing will support rehabilitation and preservation of an existing multifamily residential development and will maintain the affordability of 91 units affordable senior housing in Berkeley for at least another 55 years, or through June 2076.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to approve CSCDA's bond issuance. This would result in the owner not being able to obtain the proposed bond financing. The owner's alternative options might include asking another bond authority to fill this role or forgoing tax-exempt financing. The resulting delays and/or additional expenses might affect the development's feasibility.

CONTACT PERSON

Lourdes Chang, Interim Senior Community Development Project Coordinator, HHCS,
(510) 981-5263

Attachments:

- 1: Resolution
- 2: Public Hearing Notice

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

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS FOR HARRIET TUBMAN TERRACE
APARTMENTS

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Berkeley (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, HT Terrace Renewal LP or a partnership of which NFAHS Development, LLC (the "Developer") or a related person to the Developer is the general partner, has requested that 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 \$40,000,000 in outstanding aggregate principal amount (the "Bonds"), to finance or refinance the acquisition and rehabilitation of a multifamily rental housing project located at 2870 Adeline Street, Berkeley, California (the "Project"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, the Bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; 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 is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Project (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, there has been published, at least 7 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement.

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

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the Bonds for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. 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 that 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 approved hereby.

Section 6. This resolution shall take effect immediately upon its passage.

**NOTICE OF PUBLIC HEARING
BERKELEY CITY COUNCIL**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
FOR HARRIET TUBMAN TERRACE APARTMENTS**

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 (the "Code") which will be held with respect to a proposed plan of financing providing for the issuance by the California Statewide Communities Development Authority of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of 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 \$40,000,000 in outstanding aggregate principal amount, to finance or refinance the acquisition and rehabilitation of a multifamily rental housing project located at 2870 Adeline Street, Berkeley, California. The facilities are to be owned by HT Terrace Renewal LP (the "Borrower") or a partnership of which NFAHS Development, LLC (the "Developer") or a related person to the Developer is the general partner (the "Project").

The hearing will be held on, March 30, 2021 at 6:00 p.m. The hearing will be held via videoconference pursuant to Governor's Executive Order N-29-20.

Any member of the public may participate by using the following Zoom link and ID:

URL: <https://us02web.zoom.us/j/81872119058>

Webinar ID: 818 7211 9058

Or by calling one of the following numbers:

US Telephone: +1 (669) 900-9128 or (877) 853-5257 (Toll Free) or (888) 475-4499 (Toll Free) or (833) 548-0276 (Toll Free) or (833) 548-0282 (Toll Free) and entering meeting ID 818 7211 9058.

A copy of the agenda material for this hearing will be available on the City's website at www.CityofBerkeley.info as of March 18, 2021.

For further information please contact Lourdes P. Chang at (510) 981-5263.

Written comments should be mailed directly to the City Clerk at 2180 Milvia Street, Berkeley, California 94704, or emailed to council@cityofberkeley.info 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 981-6900 or clerk@cityofberkeley.info for further information.

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