



Board Report

File #: RES 21-187, **Version:** 1

- a. Hold a public hearing in compliance with the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, regarding the issuance by the California Municipal Finance Authority (CMFA) of tax-exempt revenue bonds to finance the acquisition, construction, improvement and equipping of a 66-unit affordable rental housing facility for low-income tenants, to be located at 21131 and 21231 Ord Avenue in East Garrison, California, an unincorporated community in the County of Monterey; and
- b. Adopt a resolution approving the issuance, for federal income tax purposes, of CMFA revenue bonds, in the aggregate principal amount not to exceed \$30,000,000, to finance a multifamily rental housing facility for the benefit of CHISPA, Inc., and certain other matters relating thereto; and
- c. Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Hold a public hearing in compliance with the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, regarding the issuance by the California Municipal Finance Authority (CMFA) of tax-exempt revenue bonds to finance the acquisition, construction, improvement and equipping of a 66-unit affordable rental housing facility for low-income tenants, to be located at 21131 and 21231 Ord Avenue in East Garrison, California, an unincorporated community in the County of Monterey; and
- b. Adopt a resolution approving the issuance, for federal income tax purposes, of CMFA revenue bonds, in the aggregate principal amount not to exceed \$30,000,000, to finance a multifamily rental housing facility for the benefit of CHISPA, Inc., and certain other matters relating thereto; and
- c. Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

SUMMARY:

Community Housing Improvement Systems and Planning Association, Inc. (CHISPA), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 requests that California Municipal Finance Authority (CMFA) participate in the issuance of revenue bonds (“the Bonds”), in one or more series pursuant to a plan of financing, in an aggregate principal amount not to exceed \$30.0 million to finance the acquisition, construction, improvement and equipping of a 66-unit affordable rental housing facility for low-income tenants, consisted of 32 units and a 34 units buildings to be located at 21131 and 21231 Ord Avenue in East Garrison, California, an unincorporated community in the County of Monterey (the “Project”).

CHISPA and CMFA request that the Board of Supervisors hold a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the “Code”) and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the CMFA, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the County, and following the hearing, adopt a resolution approving the issuance of the Bonds by the CMFA. The County will have no obligation whatsoever

with respect to the payment or administration of the Bonds.

DISCUSSION

Federal law provides a process for a qualified 501(c)(3) organization to participate in tax-exempt financing under Section 147(f) of the Internal Revenue Code. TEFRA requires the legislative body of the local agency in which the project will be located to hold a TEFRA hearing for the notes to be tax-exempt. The County has the limited role of approving the financing but is not a party to the issuance and assumes no liability by its approval.

CHISPA is the largest private, nonprofit housing developer based in the County. CHISPA is a 501 (c)(3) nonprofit Community-based Housing Development Organization that has built and renovated 2,447 single-family homes and apartments for low and moderate-income people in Monterey, San Benito, and Santa Cruz Counties. CHIPA requests that CMFA participate in issuing the Bonds in an aggregate principal amount not to exceed \$30.0 million to finance the acquisition, construction, improvement and equipping of a 66-unit affordable rental housing facility for low-income tenants, consisting of (i) 32 units to be located at 21131 Avenue in East Garrison, California, an unincorporated community in the County, to which not more than \$14,000,000 principal amount of Bonds would be allocated, and (ii) 34 units to be located at 21231 Ord Avenue, East Garrison, California, to which not more than \$16,000,000 principal amount of Bonds would be allocated, all to be owned and operated by the Borrower.

CMFA requests that the Board approve the issuance of the Bonds by the CMFA to finance the Project to satisfy the public approval requirement of Section 147(f) of the Code and the Agreement, among certain local agencies, including the County. Accordingly, pursuant to Section 147(f) of the Code, the Board, following notice duly given, will hold a public hearing regarding the issuance of the revenue obligations. Required notice of the public hearing was provided, consistent with TEFRA requirements, by publication in *The Monterey Herald* on October 19, 2021.

The Bonds to be issued by the CMFA will be the sole responsibility of CHISPA and its affiliates. The County will have no financial, legal, moral obligation, liability, or responsibility for the facilities or the repayment of the revenue obligations. All relevant financing documents with respect to the issuance will contain clear disclaimers that the Bonds are not obligations of the County.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Notice and Resolution as to form and legality.

FINANCING:

The payment of principal, prepayment premium, if any, and purchase price of and interest on the revenue bonds shall be solely the responsibility of the CMFA and CHISPA, Inc. and its affiliates. The County shall not bear any responsibility for the issuance, the tax-exempt status, or repayment of the revenue bonds.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the economic development strategic initiative as the Bonds are vehicles of economic development that promote a diverse and healthy economy while promoting affordable housing opportunities.

- ☒ Economic Development
- ☐ Administration
- ☒ Health & Human Services
- ☐ Infrastructure

__ Public Safety

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Attachments: Resolution Proof of Publication and Notice of Public Hearing