



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: OCTOBER 22, 2019

DEPARTMENT: FINANCE

FROM: MATT N. PRESSEY, CPA, FINANCE DIRECTOR

TITLE: TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA)
HEARING TO CONSIDER THE ISSUANCE OF TAX-EXEMPT
BONDS BY CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA) FOR STEINBECK
COMMONS

RECOMMENDED MOTION:

A motion to approve a resolution approving the issuance of multifamily housing revenue bonds by the CSCDA for the purpose of financing the acquisition and rehabilitation of Steinbeck Commons (the “Project”) located in the City of Salinas by MacDonald Ladd Development.

RECOMMENDATION:

Staff recommends that the City Council conduct a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act, and approve a resolution approving the issuance of tax-exempt bonds in an amount not-to-exceed \$30 million for the Project.

EXECUTIVE SUMMARY:

The California Statewide Communities Development Authority (CSCDA), a joint exercise of powers authority of which the City is a member, has been asked by MacDonald Ladd Development to serve as the conduit issuer of tax-exempt bonds for the Steinbeck Commons affordable housing project in the City of Salinas. CSCDA may not approve the bond financing unless and until the City Council approves the bond issuance after conducting a public hearing (referred to as a “TEFRA hearing”).

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) mandates a public accountability procedure involving the legislative body of a local agency in which a proposed project (to be funded with tax-exempt bonds) is located. The TEFRA hearing is intended to provide members of the community an opportunity to speak on behalf of or against the proposed project. Once the TEFRA hearing has been conducted, the City Council is then asked to adopt a resolution approving the issuance of tax-exempt bonds for the project.

The bonds will be issued as limited obligations of CSCDA, and the City will have no liability with respect to the bonds or any role to play in the bond issuance other than the TEFRA hearing.

BACKGROUND:

MacDonald Ladd Development is a developer and owner of multiple affordable family and senior housing developments. MacDonald Ladd Development has been involved in the construction, acquisition and rehabilitation of more than 8,000 affordable rental units in 60 properties nationwide.

Located at 10 Lincoln Avenue in the City of Salinas, the Project contains 100 units, 100% of which are restricted to senior low-income tenants. MacDonald Ladd Development is purchasing the property and is seeking funding for the purchase and rehabilitation of the Project. The affordability covenants for the Project will be extended for an additional 55 years.

The rehabilitation will include the common area amenities and improvements to the units.

- Steinbeck consists of only one building that is three stories tall and is serviced by stairwells and elevators. Although Steinbeck has been well maintained over the years, it is need of significant capital in order to upgrade the systems and building components for continued operation.
- Upgrades to major building components such as the roof, the windows, and the unit interiors are planned during the renovation.
- Some of the unit upgrades will include energy efficiency modifications such as LED lighting, low-flow plumbing fixtures and energy star appliances.
- Additionally, new flooring, paint, cabinets and countertops are planned for the units in order to replace dated interiors and upgrade the materials to healthier standards.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This approval will help meet the City Council’s Strategic Plan goal of Economic Diversity and Prosperity, Safe, Livable Community, and Quality of Life.

DEPARTMENTAL COORDINATION:

The Finance Department has worked with the Community Development Department Housing Division.

FISCAL AND SUSTAINABILITY IMPACT:

None. The bonds will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from the Project. The City bears no liability with respect to the issuance of the bonds. Further, the City is not a party to any of the financing documents related to the bond issuance and is not named in any of the disclosure documents describing the bonds or the proposed financing.

ATTACHMENTS:

1. Resolution – Approving the Issuance of Multifamily Housing Revenue Bonds
2. Request e-mail from CSCDA
3. Steinbeck Commons Application and Project Description
4. Proof of Publication of the Notice