



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: MAY 12, 2026
DEPARTMENT: FINANCE DEPARTMENT
FROM: SELINA ANDREWS, FINANCE DIRECTOR
TITLE: CONDUIT FINANCING FOR SANTA LUCIA TOWNHOMES PROJECT

RECOMMENDED MOTION:

A motion to approve a resolution approving the issuance of bonds by the California Statewide Communities Development Authority (CSCDA) for the benefit of Foothill Santa Lucia, LLC (the “Borrower”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), to provide for the financing of the Project (the acquisition and improvement of the property). Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and California Government Code Section 6500 (and following).

EXECUTIVE SUMMARY:

Federal tax law requires a financing authority who is funding a project in a local jurisdiction that has its own tax-exempt authority, that the local entity must hold a Tax and Equity Fiscal Responsibility (TEFRA) hearing. This allows the local community to comment on the use of tax-exempt financing to support the project. There is no financial liability on the City's part. This is the only action required of the City.

Specifically, the City must conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”) on May 12, 2026, in connection with the proposed issuance of revenue bonds by the CSCDA, in an amount not to exceed \$100,000,000 (the “Bonds”).

BACKGROUND:

Foothill Santa Lucia, LLC (the “Borrower”) has requested that the California Statewide Communities Development Authority (“CSCDA”) serve as the municipal issuer of tax-exempt multi-family housing revenue bonds in an aggregate principal amount not to exceed \$100,000,000 (the “Bonds”). The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower, to enable the Borrower to refinance the acquisition, rehabilitation, improvement and equipping of a 204-unit affordable multifamily housing rental project located at 589 Leslie Drive, Salinas, California (the “Project”), which will be owned and operated by the Borrower.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Salinas (“City”) must conduct a public hearing (the “TEFRA Hearing”) providing 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. Adoption of the resolution is solely for the purposes of satisfying the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA), the Internal Revenue Code and the California Government Code Section 6500 (and following). 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. A public notice was published on April 30, 2026.

California Statewide Communities Development Authority

CSCDA is a joint powers authority 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 Salinas, which has been a member since 1993. CSCDA has issued more than \$80 billion through more than 1,800 financings since 1988.

Fiscal Impact

There is no fiscal impact to the City. The Bonds to be issued by the CSCDA 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 will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds and are not obligations of the City. 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.

CEQA CONSIDERATION:

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

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Conducting a public hearing under the requirements of TEFRA upholds the Council Goal of Effective and Culturally Responsive Government.

DEPARTMENTAL COORDINATION:

This staff report was coordinated with the City Attorney’s Office and Administration.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct fiscal impact associated with this item.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
N/A	N/A	N/A	N/A	N/A

ATTACHMENTS:

Resolution