



STAFF REPORT

DATE: 08/06/2025
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2025-293

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

PUBLIC HEARING FOR ISSUANCE OF TAX EXEMPT REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY UNDER THE TAX AND EQUITY FISCAL RESPONSIBILITY ACT, IN AN AMOUNT NOT TO EXCEED \$50,000,000.

EXECUTIVE SUMMARY:

This staff report asks the City Council to conduct a public hearing and adopt a resolution approving the issuance of tax exempt revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing the acquisition, construction, improvement, or equipping of the multifamily rental housing project by C&C Development located at the corner of W. 2nd Street and S. Buena Vista Avenue. The bonds would be issued by the California Municipal Finance Authority, a municipal financing authority that assists businesses with the issuance of tax-exempt bonds to improve the standard of living. For the bonds to qualify as tax-exempt bonds, the City Council must conduct a public hearing under the Tax and Equity Fiscal Responsibility Act.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2025-089, approving the issuance by the California Municipal Finance Authority of exempt facility bonds in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing or refinancing the

acquisition, construction, improvement, and equipping of the Second Street Family Apartment Project.

BACKGROUND & HISTORY:

On or about August 21, 2024, the Corona Housing Authority and the City of Corona (“City”) entered into an Affordable Housing Disposition and Development Agreement with Second Street Family LP, an affiliate of C&C Development (“Developer”), for the construction of 115 multiple family residential units, all of which (except one manager's unit) will be restricted in perpetuity to persons and families of low or moderate income households on 3.46 acres located at the southwest corner of 2nd Street and Buena Vista Avenue (“Project”).

The Developer requested that the California Municipal Finance Authority (“CMFA”) serve as the municipal issuer of tax-exempt revenue bonds in an aggregate principal amount not to exceed \$50,000,000 (“Bonds”), the proceeds of which will be used for the acquisition, construction, improvement, and equipping of the Project. 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. 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. To date, over 350 municipalities, including the City, have become members of CMFA.

For all or a portion of the Bonds to qualify as tax-exempt bonds, the City must conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and provide members of the community with an opportunity to speak in favor of or against using tax-exempt bonds to finance the Project. Prior to such a hearing, reasonable notice must be provided to the members of the community.

ANALYSIS:

The City received a request from CMFA to conduct a TEFRA public hearing under and in accordance with Section 147(f) of the Internal Revenue Code for CMFA to issue the Bonds on behalf of the Developer. The Bonds would be tax-exempt private activity bonds for purposes of the Internal Revenue Code. The City Council, as the governmental entity having jurisdiction over the area where the Project to be financed is located, is required to approve the issuance of the Bonds by CMFA.

There are no costs associated with the City’s membership in CMFA and the City will in no way become exposed to any financial liability by CMFA’s issuance of the Bonds. In addition, issuance of the Bonds will not impact the City’s appropriations limits or the City’s credit or bond ratings and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required. Approval of the attached Resolution does not constitute any other approval by

any commission or agency of the City with respect to any other City regulatory or other requirements, such as building permits, in connection with the Project.

Adoption of Resolution No. 2025-089 would approve the issuance of the Bonds by CMFA for the Project.

FINANCIAL IMPACT:

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (“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, it is expected 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 by the City for any lawful purpose.

Other than holding the TEFRA hearing and adopting the attached resolution, the City has no financial or legal responsibility for the Bonds.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. This action merely authorizes the issuance of tax-exempt bonds by CMFA for the purpose of financing the Project, and there is no possibility that this action will have a significant effect on the environment. Therefore, no further environmental analysis is required.

PREPARED BY: JULIE KENNICUTT, DEPUTY FINANCE DIRECTOR

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

ATTACHMENTS:

1. Exhibit 1 – Resolution No. 2025-089