



# Tax and Equity Fiscal Responsibility Act (TEFRA) Public Hearing

## Satellite Affordable Housing Associates 811 San Pablo Avenue

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Pinole City Council

March 21, 2023





# The Project – Public Benefit

- 811 San Pablo Avenue (0.60-acre vacant lot) owned by City of Pinole
- 33 unit multifamily rental housing project
  - 29 one bedroom units
  - 4 two-bedroom units
- Rents affordable to very-low and low-income households
  - Earning between 30-60% of area median income
  - Affordable for 55-years



# Roles/Responsibilities

## Developer/Borrower: Satellite Affordable Housing Associates

- Applied for \$30,000,000 of tax-exempt revenue bonds
- Proceeds will be used for the costs of the acquisition, construction and improvement of the project and to be owned and operated by SAHA

## Bond Issuer: California Municipal Finance Authority (CMFA)

- Joint powers authority
- Sole purpose is to finance projects that promote economic, cultural, and community development projects through the issuance of bonds

## Permanent Financing Sources

811 San Pablo Avenue

Source	Amount
4% Federal Tax Credit Equity	\$14,540,747
City of Pinole (Land Purchase Loan)	\$1,180,000
City of Pinole (Construction Loan)	\$3,200,000
County HOME	\$2,636,280
County HOME Accrued Interest	\$56,421
HCD Infill Infrastructure Grant (IIG)	\$1,672,488
GP Equity	\$1,248,482
HCD Veterans Housing and Homelessness Prevention Program (VHHP)	\$7,848,120
Construction Loan - Tax Exempt Bond	\$15,295,723
Construction Loan - Taxable	\$2,069,937
<b>Total</b>	<b>\$49,748,198</b>

# Roles/Responsibilities

## Local Agency: City of Pinole

- Must be a member of CMFA
- Must hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and approve the bonds for state and federal tax law in order for the obligation to qualify as tax-exempt bonds
- Proposed bonds are not an obligation of the City
- City will have no financial, legal, or administrative obligations for the debt
- Portion of issuance fee expected to be granted to Pinole from CMFA

## Permanent Financing Sources

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# Staff Recommendation

- 1) Conduct the public hearing under the requirements of Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”).
- 1) Adopt the Resolution (**Attachment A**) becoming a member of the California Municipal Finance Authority (the “CMFA”) and approving the issuance of the Bonds by the CMFA for the benefit of Pinole Housing, L.P., a California limited partnership, or another ownership entity to be created by Satellite AHA Development, Inc., a California nonprofit public benefit corporation, Satellite Affordable Housing Associates, a California nonprofit public benefit corporation, or an affiliate thereof (such limited partnership or other ownership entity being referred to herein as the “Borrower”), to provide for the financing of the Project. Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following). The resolution will also authorize the City Manager or their designee to execute the Joint Exercise of Powers Agreement with the CMFA (**Attachment B**).

# Questions?

## CMFA Representative

**Benjamin M. Barker**  
Financial Advisor

## SAHA Representative

**Ngan Mai**  
Project Manager