

Comment - City Council Meeting November 8, Agenda 3.4, File # 22-1621

wayneok [REDACTED]

Mon 11/7/2022 10:35 AM

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Agenda 3.4, File # 22-1621

Subject: Issuance of Tax-Exempt Multifamily Revenue Bonds to Finance the 2350 S. Bascom Affordable Housing Development

I would like to submit a comment on this item concerning approving bonds for the Bascom Avenue project to be brought up at the council meeting.

The memorandum states: On October 18, 2022, the City Council adopted a resolution authorizing the issuance of bonds by CMFA as the alternate issuer for the Development under Section I.C of the Policy for special circumstances. **At that time, the Development had all sources in place, was no longer seeking City loan financing and applied for a \$48,000,000 bond allocation** from the California Debt Limit Allocation Committee (CDLAC) on March 16, 2022. On June 15, 2022, the 2350 S. Bascom **development was awarded \$34,409,000** of the 2021 State Ceiling on Qualified Private Activity Bonds for use by the applicant to issue bonds by December 12, 2022.

Now the developer is asking for **\$65,000,000** which is

- **\$17 Million dollars more (35% more) than originally applied (\$48MM)**
- **\$30 Million more (88% more) than originally awarded (\$34,4MM)**

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If the project is no longer financially feasible at the original projection, there are options

- maybe the project should not proceed
- build it somewhere else where the cost could be less
- change the scope, size, scale of the development
- get private investors
-and I am sure there are other...

The developer purchased the land with a risk/reward scenario in mind and “ had all the financial sources in place”.

Sometimes things work out and sometimes they don't.

Why is it up to taxpayers to be on the hook to ensure the developer makes a profit?

Thank you

Wayne Firsty



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