COUNCIL AGENDA: MARCH 21, 2023
ITEM: 3.4
FILE: CC 23-407

POLICY FOR THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS COUNCIL POLICY 1-16

JULIA H. COOPER, DIRECTOR OF FINANCE
LUZ COFRESÍ-HOWE, ASSISTANT DIRECTOR OF FINANCE
QIANYU SUN, DEPUTY DIRECTOR OF FINANCE – DEBT & TREASURY MANAGEMENT
RACHEL VANDERVEEN, ASSISTANT DIRECTOR OF HOUSING

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Policy Overview

- Adopted by the City Council to address financing matters for multifamily housing projects located in the City
- Staff reviews the Policy periodically to be consistent with the City's debt management objectives and industry development
- California Debt Limit Allocation Committee (CDLAC) requires the Policy be reviewed by counsel having expertise with relevant federal and state laws

Proposed Amendment - General Matters

- TEFRA Hearing Fee
  - Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Fee of $5,000 was established in 2005 and has not been increased since
  - Amendment provides a path to increase the fee as adopted in the City's Schedule of Fees and Charges through City Council's annual approval process

- Annual Monitoring Fee
  - Policy allows for reduction in annual monitoring fee for non-profit or government agency project sponsors
  - Amendment clarifies that the City may grant reduced annual monitoring fee when none of the general partners of the project developer are for-profit

PROPOSED AMENDMENT – CITY FEES

- Clarify requirements for special circumstance exceptions
  - Policy allows bond issuance by another agency under limited circumstances upon City Council approval
  - Amendment requires the project sponsor notify the City of special circumstance exception at least 4 months before the California Debt Limit Allocation Committee (CDLAC) application deadline, to allow staff time to review and seek City Council approval

- Correct the regulatory reference of TEFRA Hearing
  - Tax Equity and Fiscal Responsibility Act was passed in 1982 and public approval requirement was imposed in 1986
  - Amendment accurately references the Internal Revenue Services code.

RECOMMENDATION

1) Accept the report recommending amendments to the Council Policy 1-16, Policy for the Issuance of the Multifamily housing Revenue Bonds

2) Adopt a resolution amending Council Policy 1-16, Policy for the Issuance of the Multifamily housing Revenue Bonds