



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: April 8, 2025

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TO: Board of Supervisors

SUBJECT

NOTICED PUBLIC HEARING (TEFRA): REAPPROVE THE ISSUANCE OF FACILITY BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF CORALLINA CIC, LP AND ITS SUBSIDIARIES, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$6,000,000 (DISTRICT: 3)

OVERVIEW

The County has received a request from the California Municipal Finance Authority (“CMFA” or the “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to reapprove the Authority’s issuance of one or more series of facility bonds in an aggregate principal amount not to exceed \$6,000,000 (the “Bonds”), to finance or refinance the acquisition, construction and development of a multifamily rental housing project to consist of 15 units of affordable housing plus 1 manager’s unit located at 6155 Carmel Valley Road, San Diego, California (the “Project”).

The Board of Supervisors previously held a Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) hearing and approved a TEFRA resolution for this financing on March 2, 2021 (9). The project has since finished construction and houses tenants earning at or below 50% - 60% Area Median Income. The Corallina at Pacific Highlands Ranch project is seeking a loan extension. Because the project was financed with a loan of tax-exempt proceeds from the Authority to the Borrower, any extensions of that loan are evaluated for consistency with federal tax laws. The current loan extension will cause a reissuance and to maintain the current tax-exempt status, there are specific requirements, including a TEFRA approval.

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue revenue bonds, including the Borrower. The Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) reapprove the Authority’s issuance of the Bonds. Although the Authority is the issuer of the Bonds for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

Today’s recommendations will provide the Authority with the required authorization to pursue its determination to issue the Bonds on behalf of the Borrower for the Project.

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RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO REAPPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF CORALLINA AT PACIFIC HIGHLANDS RANCH

EQUITY IMPACT STATEMENT

The Authority was established to assist in financing of nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue or reissue bonds. The Bonds issued were used to finance or refinance the acquisition, construction and development of a multifamily rental housing project located at 6155 Carmel Valley Road, San Diego, California. The Project will assist the Borrower with its public benefit mission of helping to develop a multifamily rental housing project in the County of San Diego.

SUSTAINABILITY IMPACT STATEMENT

The proposed action would result in economic, social, health and wellbeing benefits for the community by allowing the Borrower to continue to provide comprehensive and affordable multifamily rental housing to diverse and underserved communities. The proposed action will contribute to County of San Diego Sustainability Goal No. 2 by providing just and equitable access to protect and expand availability of affordable housing by increasing investment in underserved communities of San Diego County.

FISCAL IMPACT

If approved, the proposal will result in approximately \$991 of unanticipated revenue to be used to reimburse the County for staff costs associated with this non-County financing. There will be no change in net General Fund cost and no additional staff years.

The Borrower will be responsible for the payment of all present and future costs in connection with the issuance of the financing related to the Project. The County will incur no obligation of indebtedness as a result of today's actions.

BUSINESS IMPACT STATEMENT

N/A

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ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

BACKGROUND

California Municipal Finance Authority (“CMFA” or “Authority”)

The CMFA provides tax-exempt financing for qualified projects located throughout the State of California. The Authority’s mission is to support economic development, job creation, and social programs throughout the State. By assisting nonprofit public benefit organizations and or for-profit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

Chelsea Investment Corporation

Chelsea Investment Corporation (“CIC”) is a real estate company focused on the financing and development of affordable housing. CIC provides financial engineering, development, asset management and property management services, as well as legal and non-profit experience to its development and investment partners and clients. Considered experts in the affordable housing sector, they have a strong and experienced team of professionals who identify and implement timely and cost-effective solutions to the many challenges of this market niche.

Project

The Borrower used the proceeds to finance or refinance the acquisition, construction and development of a multifamily rental housing project located at 6155 Carmel Valley Road, San Diego, California.

The Board of Supervisors previously held a TEFRA hearing and approved a TEFRA resolution for this financing on March 2, 2021 (9). The project has since finished construction and houses tenants earning at or below 50% - 60% Area Median Income. The Corallina at Pacific Highlands Ranch project is seeking a loan extension. Because the project was financed with a loan of tax-exempt proceeds from the Authority to the Borrower, any extensions of that loan are evaluated for consistency with federal tax laws. The current loan extension will cause a reissuance and to maintain the current tax-exempt status, will have certain requirements, including having a compliant TEFRA approval. A TEFRA approval will be compliant when it has occurred either: (1) within three years of the original closing date of the tax-exempt financing, or (2) within a year of the loan extension. The original TEFRA approval for the project occurred more than three years ago and thus a new TEFRA approval is necessary.

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Public Benefit

Since the project is finished, the Borrower was able to better serve the community by providing high quality affordable housing in San Diego County. The project included sixteen restricted units and one unrestricted manager's unit. Five of the restricted units were for households with incomes at or below 50% of area median income ("AMI") and eleven units at 60% of AMI. This project will also establish affordability restrictions for the next 55 years.

County Involvement

Section 147(f) of the Internal Revenue Code requires that an applicable elected body, with respect to the Project, hold a public hearing and reapprove the issuance and delivery of the Bonds. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) reapprove the issuance of the Bonds. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Bonds in an amount not to exceed \$6,000,000.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Equity: Housing Strategic Initiative in the County of San Diego's 2025-2030 Strategic Plan by supporting and allowing the issuance of facility bonds by CMFA for Corallina CIC, LP to finance or refinance the acquisition, construction and development of a multifamily rental housing project of Corallina at the Pacific Highlands Ranch located at 6155 Carmel Valley Road, San Diego, California.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

1. RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO REAPPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF CORALLINA AT PACIFIC HIGHLANDS RANCH
2. NOTICE OF PUBLIC HEARING
3. PROJECT APPLICATION FOR BONDS