



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY COUNSEL

**File #:** 16-401

Board Meeting Date: 7/25/2017

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John C. Beiers, County Counsel

**Subject:** Public Hearing and Resolution Approving California Municipal Finance Authority Revenue Bonds for the benefit of Mercy Housing California 66, L.P.

### **RECOMMENDATION:**

Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act regarding the issuance of revenue bonds by the California Municipal Finance Authority in an amount not to exceed \$42,000,000 for the acquisition, construction, improvement, and equipping of a 66-unit rental housing facility to be owned and operated by Mercy Housing California 66, L.P. and located within the County of San Mateo at 1670-1692 Mission Road, Colma:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution approving the issuance by the California Municipal Finance Authority of revenue bonds in an amount not to exceed \$42,000,000 for the acquisition, construction, improvement and equipping of a 66-unit multifamily rental housing facility to be owned and operated by Mercy Housing California 66, L.P. and located within the County of San Mateo at 1670-1692 Mission Road, Colma, California.

### **BACKGROUND:**

The California Municipal Finance Authority (the "CMFA" or "Authority") 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. To date, over 260 municipalities, including the County of San Mateo, have become members of CMFA. The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities, and obligations of the CMFA do not constitute debts, liabilities, or obligations of its members.

### **DISCUSSION:**

Mercy Housing California 66, L.P., a California limited partnership, or another entity to be established by Mercy Housing Inc. or an affiliate thereof (the “Borrower”), has requested that the Authority issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$42,000,000 (the “Bonds”) for the acquisition, construction, improvement, and equipping of a 66-unit rental housing facility to be owned and operated by the Borrower at 1670-1692 Mission Road, in Colma and known as the Colma Veterans Village (the “Project”). The Project will serve homeless, formally homeless, and low income veterans in Colma. One-hundred percent of the units will be for veterans at 30 to 50 percent AMI, and the operations will be funded through project-based VASH and Section 8 vouchers provided by the County. The Borrower is partnering with Brilliant Corners and the U.S. Department of Veterans Affairs (VA) to provide case-management and resident services to the veterans living on-site.

In order for all or a portion of the Bonds to qualify as tax-exempt obligations, the County, as the a CMFA member within whose jurisdiction the project is sited, must conduct a public hearing (the “TEFRA Hearing”) to provide the members of the community an opportunity to speak in favor of or against the use of tax-exempt obligations for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. A Notice of Public Hearing was published in San Mateo County on or before July 11, 2017, notifying all interested persons that a public hearing would be held on July 25, 2017 by the County for the purpose of approving the financing.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not Bonds of the County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Participation by the County in the CMFA will not impact the County’s appropriations limits and will not constitute any type of indebtedness by the County. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the Board of Supervisors with respect to the issuance of the Bonds will be required.

Approving and authorizing the issuance of the Bonds will contribute to the Shared Vision 2025 outcome of a collaborative community by supporting fiscal accountability.

**FISCAL IMPACT:**

The County will receive 25 percent of the issuance fee from the CMFA, which is estimated to be approximately \$14,785 if the full amount of the Bond is issued. These funds can be used at the County’s discretion. There will be no other fiscal impact to the County associated with any bonds that are issued.