

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Matt Peters, Director of Community Development

DATE: May 26, 2026

SUBJECT: Conduct Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, and Adopt a Resolution Approving the Issuance of California Enterprise Development Authority Revenue Obligations for the Benefit of Vine Creek Apartments Affordable Housing Project

PREPARED BY: Haide Urias, Senior Management Analyst

RECOMMENDATION: That the City Council:

1. Conduct a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 to receive comments relating to the issuance by the California Enterprise Development Authority (the "Authority") of not to exceed \$25,000,000 of the Authority's Revenue Obligations (the "Obligations") for the benefit of Temecula Pacific Associates, a California Limited Partnership (the "Borrower"); and
2. Adopt a resolution approving the issuance of the Obligations by the Authority to finance for the benefit of the Borrower; entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF VINE CREEK APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO HEREIN SPECIFIED

BACKGROUND:

The Authority. The California Municipal Finance Authority (CMFA) was created in 2004 to help fund community projects across California, including housing, through the use of bonds. Over 330 cities, including Temecula, are members.

CMFA helps cities, nonprofits, and private developers access financing for projects that benefit the community. The organization has extensive experience with bond financing.

There is no cost for the City to be a member of CMFA, and the City is not responsible for any debt or liability related to CMFA bonds. The City's only role in this process is to hold a public hearing and approve the required resolution.

The Borrower (Developer). Temecula Pacific Associates is the project developer, working with Pacific West Communities, Inc. Pacific West Communities specializes in building and renovating affordable housing across several western states. They currently own and operate about 110 housing developments with more than 6,000 affordable housing units.

The Project (Vine Creek Apartments). The developer is requesting up to \$25 million in tax-exempt bond financing through CMFA to help fund the Vine Creek Apartments project.

The project is located on about 2.27 acres at the northwest corner of Main Street and Pujol Street in Temecula.

Key project details:

- 60 total apartment units
- Mix of 1-, 2-, and 3-bedroom units
- Affordable to households earning up to 60% of the area median income
- 55-year affordability period
- Two three-story residential buildings

Amenities will include:

- Community room with kitchen
- Fitness center
- Swimming pool
- Children's playground

Public Hearing Requirement (TEFRA)

Federal law requires the City to hold a public hearing (called a TEFRA hearing) before these bonds can be issued.

This hearing allows the public to comment on the proposed financing. After the hearing, the City Council must approve the bond issuance to meet federal requirements. This approval is only for the financing, not the construction or operation of the project.

FISCAL IMPACT: The Bonds to be issued by CMFA and repaid entirely by the developer.

The City of Temecula:

- Has no financial responsibility for the bonds
- Has no legal or debt obligation
- Takes on no financial risk

All bond documents clearly state that the bonds are not a debt of the City or the State of California. Additionally, CMFA shares a portion of its fees with member cities. As a result, Temecula may receive a small financial contribution that can be used for any City purpose.

ATTACHMENTS:

1. Resolution
2. City Council Resolution No. 19-45, California Association for Local Economic Development Membership
3. Notice of Public Hearing