

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Manager/City Council

**FROM:** Luke Watson, Deputy City Manager

**DATE:** September 27, 2022

**SUBJECT:** Conduct Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Adopt a Resolution Approving the Issuance of Not to Exceed \$25,000,000 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, refinance and/or reimburse the cost of educational facilities for the benefit of the Borrower.

**RESOLUTION NO. 2022-**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THE ISSUANCE BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY REVENUE OBLIGATIONS FOR THE PURPOSE OF FINANCING, REFINANCING AND/OR REIMBURSING THE COST OF ACQUISITION, CONSTRUCTION, INSTALLATION, EQUIPPING OF MULTIFAMILY RENTAL HOUSING FOR THE BENEFIT OF VINE CREEK APARTMENTS AFFORDABLE DEVELOPMENT AND OTHER MATTERS RELATING THERETO HEREIN SPECIFIED

## **BACKGROUND:**

The Authority. The California Municipal Finance Authority (CMFA) 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 330 municipalities, including the City of Temecula, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

There are no costs associated with membership in the CMFA and the City will in no way become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the City in the CMFA will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing, adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

The Borrower. Temecula Pacific Associates, a California Limited Partnership (the "Borrower") a partnership of which Pacific West Communities, Inc. (the "Developer") or a related person to the Developer is the general partner. Pacific West Communities, Inc. ("PWC") was formed as a real estate development and financing firm, specializing in the construction and rehabilitation of affordable workforce housing throughout the western United States. With a particular emphasis on the use of the affordable housing tax credits, PWC and its related companies develop multi-family and senior citizen housing in the states of California, Arizona, New Mexico, Utah, Oregon, Montana, Idaho, Nevada, Colorado, Washington, and Wyoming. Currently PWC owns and operates approximately 110 developments with over 6,000 units of affordable housing.

The Project. Temecula Pacific Associates, a California Limited Partnership (the "Borrower") a partnership of which Pacific West Communities, Inc. (the "Developer") or a related person to the Developer is the general partner requested that the California Municipal Finance Authority (the "CMFA") serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$25,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project to be located at the northwest corner of Main Street and Pujol Street (APNs 922-053-047-6, 922-053-021-2 and 922-053-048-7), Temecula, California (the "Project").

For all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Temecula must conduct a public hearing (the "TEFRA Hearing") providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Vine Creek Apartments Affordable Housing Project ("Project"). Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

The site for the proposed project, Vine Creek Apartments, is approximately 2.27 acres of land located on the northwest corner of Main Street and Pujol Street in the City of Temecula. The proposed development will be a 60-unit rental new construction project. With a mix of seven (7) one-bedroom units, 32 two-bedroom units, and 21 three-bedroom units, Vine Creek Apartments will provide affordable housing for families earning up to 60% of the area median income for Riverside County. The project will include two residential buildings. The units will be newly constructed three-story garden style apartments. Exterior design elements are incorporated with the design style of Andalusian Spanish Architecture to conform to the Temecula Old Town Specific Plan. Within the units, residents will enjoy standard features including refrigerators, exhaust fans, dishwashers, disposals, and ranges with ovens. All units feature an outdoor balcony or patio with storage space. Project amenities are distributed throughout the site, providing community space in both residential buildings. Amenities include a large community room with kitchen, fitness center, centrally located pool with pool deck, and outdoor children's playground. This financing will create 59 units of affordable housing for low-income households in the City of Temecula for the next 55 years.

**FISCAL IMPACT:** The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City 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 obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Temecula, it is expected that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

**ATTACHMENTS:**

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