



## PUBLIC HEARING

### City of San Bernardino Request for Council Action

**Date:** April 2, 2025

**To:** Honorable Mayor and City Council Members

**From:** Bill Gallardo, Interim City Manager  
Gabriel Elliott, Director of Community Development & Housing

**Department:** Community Development & Housing

**Subject:** **Issuance of Tax-Exempt Bonds by the California Statewide Communities Development Authority for Arrowhead Grove Phase IV and Adopt Resolution 2025-268 Approving the Issuance of Bonds in an amount not to exceed \$45,000,000 (Ward 2)**

#### **Recommendation:**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a Tax Equity and Fiscal Responsibility Act Hearing in consideration of the issuance of tax-exempt bond financing by the California Statewide Communities Development Authority for the benefit of Arrowhead Grove Phase IV, LP, to provide financing for the acquisition, construction, improvement, and equipping of a 92-unit multifamily rental housing project generally known as Arrowhead Grove Phase IV.
2. Adopt Resolution 2025-268 approving the issuance of Bonds by the California Statewide Communities Development Authority not to exceed \$45,000,000, for the benefit of Arrowhead Grove Phase IV, LP, to provide financing for the acquisition, construction, improvement, and equipping of a 92-unit multifamily rental housing project generally known as Arrowhead Grove Phase IV.
3. Authorize the City Manager or designee to take any further actions and execute any further documents as necessary to effectuate the issuance of the Tax-Exempt bond for Arrowhead Grove Phase IV.

#### **Executive Summary**

Arrowhead Grove Phase IV, LP (the “Borrower”) has requested that the California Statewide Communities Development Authority (“CSCDA”) serve as the municipal issuer of tax-exempt multi-family housing revenue bonds in an aggregate principal amount not to exceed \$45,000,000 (the “Bonds”). The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower, to enable the Borrower to finance the acquisition, construction, improvement and equipping of a 92-unit affordable multifamily housing rental project located at 375 Elm Circle, San Bernardino, California (the “Project”), which will be owned and operated by the Borrower. On December 11, 2024, the project received an award of private activity bond allocation from the California Debt Limit Allocation Committee. The \$45,000,000 are non-city funds. The City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds.

### **Background**

Arrowhead Grove is a transformational master-planned community located in the heart of San Bernardino. When complete, this 38-acre site will consist of more than 400 mixed-income apartment homes for individuals, families, and seniors.

On October 2, 2024, the Mayor and City Council adopted Resolution No. 2024-208 approving a Conditional Funding Commitment for the Project. The conditional commitment referenced promised to commit HOME Investment Partnerships Program (HOME) fund once the Housing Authority of San Bernardino County (HACSB) and National Core Renaissance of California (CORE) meet agreed upon conditions.

To date, Phase I (Valencia Vista), Phase II (Olive Meadow), and Phase III (Crestview Terrace) have been completed. The following summarizes Arrowhead Grove when all phases are completed:

Phase	Location	# of Units	Completion Date	City Contribution
Valencia Vista	960 N. Valencia Ave	75	June 2016	HOME Loan
Olive Meadow	610 E. Olive St.	62	November 2017	HOME Loan
Crestview Terrace	575 E. Baseline St.	184	September 2021	HOME/NSP Loan
Phase IV	TBD	92	TBD	HOME Loan
Phase V	Community Centers	N/A	TBD	TBD
	TOTAL	413		

The completion of the first three phases has required the support of multiple funding sources: HUD Office of Recapitalization, HUD Federal Housing Administration, HUD Lender (Wells Fargo), Tax Credit Investors, and public lenders (County of San Bernardino, HACSB, and the City).

### **Discussion**

Phase IV will include the development of seven (7) two- and three-story buildings, providing 92 new affordable residential units targeting income households at or below 80% of the Area Median Income (AMI). This phase will also include a private community center, a swimming pool, shared outdoor common area amenities with

Phases I-III, and surface parking. The addition of these 92 units, combined with the 321 units developed in Phases I-III, will bring the total number of residential units to 413. The estimated total project cost is approximately \$64.9 million.

Construction Source Funding	Amount
Tax-Exempt Bond	\$ 45,000,000
HACSB Ground Lease	\$ 3,600,000
County of San Bernardino (HOME) Loan	\$ 4,500,000
City of San Bernardino (HOME) Loan	\$ 4,900,000
Deferred Developer Fee	\$ 1,500,000
Developer Fee Contribution	\$ 4,166,529
Other Funding Source	\$ 1,233,471
	\$ 64,900,000

The housing staff will return in May 2025 to seek approval for the HOME funding commitment documents. These documents will detail the regulatory and compliance requirements, deed restrictions, and loan terms, ensuring transparency and adherence to funding guidelines.

The Bonds will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of San Bernardino ("City") must conduct a public hearing (the "TEFRA Hearing") providing 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 Project. Adoption of the resolution is solely for the purposes of satisfying the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA), the Internal Revenue Code and the California Government Code Section 6500. 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. A public notice was published on March 6, 2025, in English and Spanish.

CSCDA is a joint powers authority sponsored by the League of California Cities (League) and the California State Association of Counties (CSAC). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 530 members, including the City of San Bernardino. CSCDA has issued more than \$75 billion through 1,800+ financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

Conducting a TEFRA hearing is a standard requirement to maintain transparency and public involvement in projects that utilize tax-exempt financing for developments benefiting the community.

### **2021-2025 Strategic Targets and Goals**

Expanding accessibility to housing will improve the quality of life for unhoused residents. The Project aligns with Strategic Target No. 3: Improved Quality of Life.

### **Fiscal Impact**

There is no fiscal impact to the City's General Fund.

### **Conclusion**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a Tax Equity and Fiscal Responsibility Act Hearing in consideration of the issuance of tax-exempt bond financing by the California Statewide Communities Development Authority for the benefit of Arrowhead Grove Phase IV, LP, to provide financing for the acquisition, construction, improvement, and equipping of a 92-unit multifamily rental housing project generally known as Arrowhead Grove Phase IV.
2. Adopt Resolution 2025-268 approving the issuance of Bonds by the California Statewide Communities Development Authority not to exceed \$45,000,000, for the benefit of Arrowhead Grove Phase IV, LP, to provide financing for the acquisition, construction, improvement, and equipping of a 92-unit multifamily rental housing project generally known as Arrowhead Grove Phase IV.
3. Authorize the City Manager or designee to take any further actions and execute any further documents as necessary to effectuate the issuance of the Tax-Exempt bond for Arrowhead Grove Phase IV.

### **Attachments**

Attachment 1	Resolution 2024-208
Attachment 2	Resolution 2025-268
Attachment 3	TEFRA Public Notice

### **Ward:**

Ward 2

### **Synopsis of Previous Council Actions:**

December 20, 2017	The Mayor and City Council approved the Conditional Use Permit and Revised Subdivision for the development of the Arrowhead Grove Project.
October 2, 2024	The Mayor and City Council adopted Resolution No. 2024-208 approving a revised HOME Investment Partnership Program

Conditional Funding Commitment for Arrowhead Grove Phase IV.