TEFRA Public Hearing for Pelican Harbor Senior Housing Project

City Council

October 21, 2025

Background

- November 4, 2019, the City Council approved an Acquisition Loan Agreement with Jamboree Housing Corporation to purchase a 0.78-acre parcel of vacant land located at 18431 Beach Boulevard for $3 million consisting of HOME funds and Inclusionary Housing funds.
- The Project consists of the development of a 43-unit senior affordable housing project (occupied in January 2025).
- On January 19, 2021, the City Council approved an Affordable Housing Agreement with Beach Housing Partners, LP, which included the following affordable housing requirements:
  - ➢ The Project will be affordable for 60 years
  - ➢ 33 units will be affordable to extremely low-income households (less than 30% of the area median income)
  - ➢ 9 units will be affordable to very low-income households (less than 50% of the area median income)
  - ➢ One unit will be an on-site manager’s unit

Background

- The Federal Tax Equity and Fiscal Responsibility Act (TEFRA) requires that a public hearing be held in connection with the issuance of tax-exempt bonds and is held in the jurisdiction the Project is located.
- After the TEFRA hearing on December 21, 2021, the City Council approved a tax-exempt bond issuance of up to $20 million for Project construction and permanent financing.
- The tax-exempt bonds were eventually issued by California Municipal Finance Authority in the amount up to $20 million.

Background

- In addition to $3 million in City loans, the Project also included public funding sources from State and County that act as equity while the tax-exempt bonds serve primarily as the construction/permanent loan.
- The use of tax-exempt bonds offer lower interest rates compared to regular bank loan, thus providing cost savings and increased leverage of the public funding sources.
- The City of Huntington Beach did not issue the tax-exempt bonds for the Project as the repayment of the bonds are the sole obligation of the Developer through the sale of tax credit equity and rental revenues from the Project.

Proposed TEFRA Hearing

- A portion of the $20 million in tax-exempt bonds will be outstanding at permanent conversion to fund the permanent loan.
- The TEFRA needs to be current during conversion from construction to permanent financing and maintain the tax-exempt status.
- This action would create the need to hold another TEFRA hearing as the prior TEFRA hearing term expired after three years on December 21, 2024.
- The Developer has requested that another TEFRA hearing be held to address the long-term conversion of a portion of the bond proceeds into the permanent loan, and that the City Council consider this action.
- There are no additional funds allocated as a result of this TEFRA hearing and no additional bonds will be issued.

Proposed Amendments

In return for hosting the TEFRA hearing, the City would receive the following concessions from the Developer:

- The term of the Project’s affordability covenants shall be increased from 60 years to 99 years.
- Developer annually pays the City a $5,000 fee for the term of the Project’s affordability covenants to be used for housing or homelessness prevention activities.
- The simple interest on the HOME Loan and Inclusionary Loan shall be increased at Year 20 of the respective Note terms from three (3) percent to five (5) percent.

, and,

Recommendations

- Conduct a TEFRA public hearing; and,
- Adopt Resolution No. 2025-65 approving CMFA's continued issuance of Tax Exempt Bonds in an Amount not to exceed $20,000,000 for the Pelican Harbor Apartments; and,
- Adopt the First Amendments to the Affordable Housing Agreement, Amended and Restated Agreement Containing Covenants, City HOME Promissory Note, and City Inclusionary Housing Promissory Note.
- Authorize the City Manager and Housing Authority Executive Director, or their designee, to execute the above documents.

Questions?