



DATE: April 7, 2025

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Sarah Wolf, Management Analyst I
Karen Shimizu, Assistant Director of Community Development

SUBJECT: Public Hearing and Resolution Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority (CMFA) in an Aggregate Principal Amount Not to Exceed \$25,000,000 to Finance an Affordable Multifamily Rental Housing Project for the Benefit of Petaluma Pacific Associates, LP a partnership with Pacific West Communities, Inc for the Rovina Lane Project, located at 2 Rovina Lane, Petaluma, California and Certain Other Matters Relating Thereto, and Finding that this Item is not a "Project" Pursuant to CEQA Guidelines.

RECOMMENDATION

It is recommended that the City Council conduct a Public Hearing under the requirements of Tax Equity and Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended (the "Code") and adopt the Resolution approving the issuance of the Bonds by the CMFA for the benefit of Petaluma Pacific Associates LP, (the "Borrower") a partnership with Pacific West Communities Inc., (the "Developer"), to provide for the Financing the Acquisition, and Construction of an Affordable Multifamily Rental Housing Project located at 2 Rovina Lane. While there are no funds or obligation from the City for this action, it requires that City Council approve the bond issuance for projects within its jurisdiction. Such adoption satisfies the requirements of TEFRA, the Code and the California Government Code.

BACKGROUND

The approved Rovina Lane Apartments project is a new 100% affordable housing development consisting of two three-story multi-family residential buildings on a 1-acre vacant site at the corner of Jacquelyn and Rovina Lanes. The development includes a total of 32 units, of which 31 are deed-restricted for families earning between 30% and 60% of the Sonoma County AMI, with one unit designated as the manager's unit.

The project offers a total of 11-unit types, ranging in size from 583-square-foot one-bedroom units to 1,831-square-foot three-bedroom units. Each unit features a private patio or deck, and the buildings are designed in a craftsman architectural style, incorporating horizontal and vertical siding and gabled roof elements. Community amenities include a leasing office, laundry facilities, gym, tot lot, dog run, and an open turf area for recreation. The site plan incorporates 58 parking spaces, which include both tuck-under and surface lot parking options.

The project qualified and was approved under the State Density Bonus Law and Senate Bill #330 (SB 330). Additional details can be found on the project page at <https://cityofpetaluma.org/rovina-lane-apartments/>.

DISCUSSION

To support affordable housing, staff recommends that the City conduct the required TEFRA hearing and consider adopting the attached resolution approving the issuance of bonds by the California Municipal Finance Authority (CMFA).

To satisfy the public approval requirements and facilitate bond financing for the Rovina Lane Apartments Project, located at 2 Rovina Lane, the City of Petaluma must hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing. This hearing provides an opportunity for the public to comment on the use of tax-exempt bonds.

Pacific Associates LP, the borrower, has requested that the California Municipal Finance Authority (CMFA), a Joint Powers Authority (JPA) of which the City of Petaluma is a member, issue up to \$25 million in tax-exempt revenue bonds to finance or refinance the acquisition, construction, and equipping of the multifamily rental project.

PUBLIC OUTREACH

To comply with the regulations included in the Government Code, and TEFRA the public notice for the TEFRA hearing was published on March 28, 2025, in the Argus Courier.

COUNCIL GOAL ALIGNMENT

The proposed council item for the Rovina Lane Apartments project aligns with the City Council's goal of "A Safe Community That Thrives," supporting facilities and design programs that foster a healthy, resilient, and engaged community that is prepared, safe, and housed. This project is also consistent with the City of Petaluma's 2020-2024 Consolidated Plan, particularly its goal to:

- Provide housing and services to low-income populations, including but not limited to children, seniors, and individuals with special needs.

Additionally, the proposed project supports the City of Petaluma's 2023-2031 Certified Housing Element.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

The Rovina Lane affordable housing project aligns with the City of Petaluma Climate Emergency Framework in several key ways that support the City's goal of achieving carbon neutrality by 2030:

- **Equitable, Infill Development:** Located on a vacant infill parcel within city limits, the project helps reduce sprawl, vehicle miles traveled, and associated emissions. It supports compact, walkable neighborhoods, which are a central focus of the City's Transportation and Land Use Coordination Strategy.
- **Affordable Housing for Climate Resilience:** The development provides 31 deed-restricted affordable units for families earning 30–60% of the area median income (AMI), directly advancing the City's commitment to climate justice by ensuring access to safe, healthy housing for low-income and frontline communities.
- **Active Transportation Amenities:** With the inclusion of outdoor bicycle racks and pedestrian-oriented design, the project encourages active transportation and supports a shift away from single-occupancy vehicle use. This shift is essential for reducing greenhouse gas emissions from the transportation sector.
- **Green Space and Community Wellbeing:** The site incorporates recreational amenities such as a tot lot, dog run, and open turf area, which enhance neighborhood livability, promote community cohesion, and support adaptation to climate impacts like extreme heat.

While the project design is not all-electric, its infill nature, equity focus, and multimodal accessibility meaningfully advance the priorities outlined in Petaluma's Climate Emergency Framework, including equitable mitigation, resilience, and inclusive community engagement.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, as the action does not meet CEQA's definition of a "project," because holding a TEFRA Bond Hearing for the project is not considered project as this action constitutes organizational and fiscal activity of governments that will not result in direct or indirect physical changes in the environment. Moreover, this action falls within the prior CEQA determination when the project received its entitlements and the time to challenge the CEQA action has lapsed.

FINANCIAL IMPACTS

The City will receive a portion of the administrative fee, in the amount of \$12,174, as a grant to its general fund, which may be used for any lawful purpose.

There are no direct financial impacts to the City as a result of holding the public hearing and approving the resolution. The bonds will be issued by the California Municipal Finance Authority (CMFA) on behalf of the developer, and all repayment obligations are solely the responsibility of the borrower, Petaluma Pacific Associates LP, with no financial, legal, or moral

obligation for the City. The financing documents will explicitly state that the bonds are not the responsibility of the City or the State of California and will be repaid solely by the borrower.

ATTACHMENTS

1. Resolution – Rovina Lane Apartments Project