TEFRA Tax Exempt Multifamily Housing Revenue Bonds Magnolia Ridge

City Council

August 18, 2026

Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

TEFRA

- Federal law requiring a public hearing before tax exempt bonds can be issued
- Ensures the public hearing
- Governing body (City Council) is not required to approve issuance of bonds
- Creates no financial obligation or liability for the City

California Municipal Finance Authority(CMFA)

- A Joint Powers Authority (JPA) that issues tax exempt bonds
- Provides financing for affordable housing
- Serves as a conduit bond issuer
- The developer, not the City, is responsible for repaying the bonds

Project Overview Magnolia Ridge-TEFRA Financing

- Augusta Communities LLC
- Acquisition and preservation of Magnolia Ridge Mobile Home Park
  - ➢ 2616 Orangethorpe Avenue
- Conversion from market rate to income restricted housing
- 10 units at or below 50% of Area Median Income
- 22 units at or below 80% of Area Median Income

Property Tax and TEFRA Context

- TEFRA approval does not create a tax exemption
- No change to assessed value or tax roll
- Federal procedural requirement only
- Any exemption (e.g., Welfare Exemption) determined by County Assessor
- City has no role in tax exemption determinations

Recommended Action

- Adopt or oppose the TEFRA Resolution authorizing CMFA to issue tax-exempt conduit bonds not to exceed $15,705,000 million for the acquisition and preservation of Magnolia Ridge.

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