



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: June 9, 2015

Subject: Multifamily Housing Revenue Bonds - The Oaks, Walnut Creek

RECOMMENDATION(S):

ADOPT Resolution No. 2015/194 authorizing the issuance of Multifamily Housing Revenue Bonds in an amount not to exceed \$8 million to finance the acquisition and rehabilitation of The Oaks, a 37-unit residential rental housing development located at 3073 North Main Street (APN 170-100-029) in Walnut Creek, California (the "Development"), including:

- 1) finding and declaring that the recitals contained in the proposed Resolution are true and correct;
- 2) for purposes of Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of Multifamily Housing Revenue Bonds (the "Bonds") to finance the costs of the acquisition and rehabilitation of The Oaks subject to Board of Supervisors approval of all documents related to the Bonds to which the County is a party;
- 3) adoption of this resolution does not relieve or exempt the borrower from obtaining required permits or approvals, nor obligate the County to incur any obligation or provide financial assistance with respect to the Bonds or the Development; and
- 4) authorizing and directing any authorized officer of the County to do any and all things, take any and all actions, and execute and deliver any and all certificates, agreements, and other documents, which the officer may deem necessary or advisable

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **06/09/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor

ABSENT: Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: June 9, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephannie L. Mello, Deputy

Contact: Kristen Lackey (925)
674-7888

cc:

in order to effectuate the intent of the Resolution.

FISCAL IMPACT:

No impact to the General Fund. In the event that the bonds are issued, the County is reimbursed for costs incurred in the issuance process. Annual expenses for monitoring of Regulatory Agreement provisions are provided for in the bond issue. The bonds will be secured solely by revenues (rents, reserves, etc.) pledged under the bond documents. No County funds are pledged to secure the bonds.

BACKGROUND:

Contra Costa County, through the Conservation and Development Department, operates a multifamily mortgage revenue bond financing program. The purpose of the program is to increase or preserve the supply of affordable rental housing available to lower income households and very low income households. The County program may be undertaken within the unincorporated County and within the cities.

The recommended action is the adoption of a Tax Equity and Fiscal Responsibility Act (TEFRA) Resolution by the Board, as the legislative body of the County, authorizing the issuance of Multifamily Housing Revenue Bonds, which will be used to finance the acquisition and rehabilitation of The Oaks, a 37-unit rental housing development located at 3073 North Main Street (APN 170-100-029) in Walnut Creek.

EAH, Inc., currently owns The Oaks and proposes the use of housing revenue bonds to refinance and rehabilitate the project with a new limited partnership. EAH, Inc., or a related entity will be the Managing General Partner with a tax credit investor as the limited partner.

The proposed financing would implement City of Walnut Creek and County policies to increase the supply of affordable housing. At its May 5, 2015 meeting, the Board of Supervisors approved an Inducement Resolution for The Oaks. The Inducement Resolution conditionally provided for the issuance of housing revenue bonds. The approved Inducement Resolution contained a technical error and is being resubmitted for approval at this June 9, 2015 meeting.

The main purpose of the proposed Resolution is to acknowledge that a public hearing was held by the Community Development Bond Program Manager on May 26, 2015, with no public comment, and to meet other bond issuance requirements, which are specified in Section 147(f) of the Internal Revenue Code. The proposed bonds cannot be issued until a separate, future resolution is adopted by the Board of Supervisors specifically authorizing the sale of the bonds. Such separate resolution to authorize the sale of bonds would come before the Board after receipt of an allocation from the State of California for Private Activity Bond Authority. An application for Private Activity Bond Authority will be submitted to the California Debt Limit Allocation Committee on July 17, 2015. The expected timing for a Bond Sale Resolution would be November, 2015.

The proposed resolution would not relieve the Borrower from obtaining other required

permits or approvals required by law, nor obligate the County to incur any obligation or provide financial assistance with respect to the Bonds or the Project. Annual expenses of the County related to the monitoring of the Regulatory Agreement are provided for in the bond issue.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from meeting the public approval requirement of the Internal Revenue Code for issuing Multifamily Housing Revenue Bonds, and prior actions of officers and agents of the County would not be confirmed and ratified. As a result the Multifamily Housing Revenue Bonds could not be issued by the County.

ATTACHMENTS

Resolution No. 2015/194

Oaks Hearing Transcript