



Contra
Costa
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: March 21, 2017

Subject: Reimbursement Resolution for a Multifamily Residential Rental Housing Development in North Richmond

RECOMMENDATION(S):

1. ADOPT Resolution No. 2017/66 authorizing the issuance of Multi-Family Housing Revenue Bonds (the "Bonds") in an amount not to exceed \$17,000,000 to finance the acquisition and construction of Heritage Point, a 42-unit residential rental development located at the northeast corner of Fred Jackson Way and Chesley Avenue (APNs 409-080-001-4, 409-080-013-9, 409-010-014-7, 409-080-015-4, 409-080-016-2 and 409-080-020-4), in the unincorporated area of North Richmond (the "Development")
2. FIND and DECLARE that the recitals contained in the proposed Resolution are true and correct.
3. ACKNOWLEDGE that (a) it is the intent of the County to issue the Bonds for the Development, and (b) for the purposes of Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of the Bonds to finance the costs of acquisition and construction of the Development is subject to the Board of Supervisors approval of all documents related to the Bonds to which the County is a party.
4. ACKNOWLEDGE that adoption of this resolution does not relieve or exempt the project sponsor from obtaining required permits or approvals, nor obligate the County to incur any obligation to provide financial assistance with respect to the Bonds or the Development; and
5. AUTHORIZE and DIRECT any authorized officer of the County to do any and all

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/21/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: Candace Andersen, District II
Supervisor
Diane Burgis, District III
Supervisor
Federal D. Glover, District V
Supervisor

ABSENT: John Gioia, District I
Supervisor
Karen Mitchoff, District IV
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: March 21, 2017

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas (925)
674-7880

cc:

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 in order to effectuate the intent of the Resolution. Authorized officers include the Chair of the Board of Supervisors, the Vice-Chair of the Board of Supervisors, the County Administrator, the County Director of the Conservation and Development Department, the County Assistant Deputy Director of Conservation and

RECOMMENDATION(S): (CONT'D)

Development, the County's Community Development Bond Program Manager, County Counsel, and other officers of the County.

FISCAL IMPACT:

None. 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 ensuring certain units in the Development will be rented to low income households are accommodated in the bond issue. The bonds will be solely secured by and payable from revenues (e.g. Development 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 low and very low income households. The County program may be undertaken within the unincorporated County and within the cities located in the County that have agreed to let the County operate the program in their jurisdiction.

Community Housing Development Corporation of North Richmond (the "Sponsor"), requested to participate in the County's multifamily mortgage revenue bond financing program. The Sponsor proposes to form a new limited partnership with a to-be-named tax credit investor as a limited partner to develop the facility. The proposed development meets the eligibility criteria for bond financing and the County policy for this program. The proposed development consists of a mixed use 42 unit multifamily rental housing facility with ground floor commercial space to be located at the northeast corner of Fred Jackson Way and Chesley Avenue (APNs 409-080-001, 409-080-013, 409-080-014, 409-080-015, 409-080-016 and 409-080-020) in the unincorporated area of North Richmond, California, currently identified as Heritage Point Apartments (the "Development").

The recommended action is the adoption of a resolution by the Board, as the legislative body of the County, authorizing the issuance of Multifamily Housing Revenue Bonds (the "Bonds"), which will be used to finance the Development. In addition to issuing the Bonds, the County owns the property and is preparing a disposition and development agreement to transfer the land to the Sponsor. It is also supporting the development with Successor Agency funds (\$1.9 million), Community Development Block Grant funds (\$3 million), and Livable Community Trust funds (\$1.4 million).

A requirement of federal tax law is that the prospective financing be subject to a conditional statement of intent to issue bonds to reimburse expenses incurred prior to the date the bonds are issued, i.e. a reimbursement resolution must be adopted by the Board of Supervisors. Also, the California Debt Limit Allocation Committee, that allocates

tax-exempt bond authority to the bond issue, requires that a reimbursement resolution be adopted before an application may be made for such an allocation. The adoption of a reimbursement resolution will not obligate the County or the owner without future discretionary actions, but will indicate the intent of the County to issue the bonds if all conditions in the reimbursement resolution have been satisfied. The resolution also authorizes the Board Chair and County staff to take whatever further action that may be deemed reasonable and desirable, including participating in the preparation of any resolution, indenture, bond purchase agreement, official statement and/or other documents or agreements necessary or appropriate to effect the Bond financing.

In addition, the proposed resolution acknowledges that a public hearing was held by the Community Development Bond Program Manager on March 6, 2017 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 resolution is adopted by the Board of Supervisors specifically authorizing the sale of the Bonds. Such separate resolution to authorize the sale of the bonds would come to the Board for consideration 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 by March 17, 2017. The expected timing for a Bond Sale Resolution would be by August 2017.

The proposed resolution would not relieve the Sponsor 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 Development. Annual expenses of the County related to the monitoring of the Regulatory Agreement are accommodated in the bond issue.

CONSEQUENCE OF NEGATIVE ACTION:

Without the reimbursement resolution, the Sponsor will not be able to commence with the process of applying to the California Debt Limit Allocation Committee for multifamily housing revenue bond authority through the County.

CHILDREN'S IMPACT STATEMENT:

Heritage Point apartments will support outcome number 3: Families are Economically Self Sufficient

ATTACHMENTS

Resolution No. 2017/66

Proof of Publication

TEFRA Transcript