



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: November 5, 2019

Subject: Approving Transfer of Ownership of Del Norte Place Apartments in El Cerrito (pursuant to Regulatory Agreement)

RECOMMENDATION(S):

ADOPT Resolution No. 2019/625 approving the transfer of ownership of Del Norte Place, a 200-unit residential rental project including 80 affordable units located in the City of El Cerrito, that was funded by County-issued multifamily housing revenue bonds in 1994, including:

- 1) authorizing execution of the Assignment, Assumption, Consent and Release Agreement (form attached);
- 2) approving Quint & Thimmig as Bond Counsel; and
- 3) approving any other actions necessary in order to consummate the sale and transfer of the project.

FISCAL IMPACT:

No fiscal impact. The new owner will continue operating the project in compliance with the existing Regulatory Agreement, including payment of annual issuer fees to cover staff costs associated with monitoring the project for compliance with affordability requirements.

BACKGROUND:

In April of 1994, the County issued Variable Rate Demand Multifamily Housing Revenue

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **11/05/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor

Candace Andersen, District II Supervisor

Diane Burgis, District III Supervisor

Karen Mitchoff, District IV Supervisor

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: November 5, 2019

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

By: June McHuen, Deputy

Contact: Kristen Lackey (925)
674-7888

cc:

Bonds 1994 Series A (GNMA Collateralized – Del Norte Place Apartments) and the proceeds of the bonds were used to provide financing for Del Norte Place Apartments, a 135 unit residential rental project located in El Cerrito (the "Project") with 27 units reserved for very low-income households earning at or below 50% of

BACKGROUND: (CONT'D)

the area median income. The County entered into a Regulatory Agreement with Del Norte Place, a California Limited Partnership, to maintain the project's affordability for a term of 30 years.

In October of 2003, the Project was sold to Fairfield Del Norte LLC and the affordability term was extended by ten years to 2042. In 2007, the Project was purchased by MG Garden View Apartments L.P., Rancho Pointe Apartments L.P. and Malibu Terrace Apartments L.P. (the "Current Owners"), the bonds were defeased and the Regulatory Agreement was assigned to the Current Owner. At that time, MG Properties Group became the property manager of the Project. The Current Owners now wish to sell the Project to Del Norte Place Apartments L.P., a limited partnership owned 95% by Aegon Workforce Housing Fund 3 and 5% by Mark Gleiberman, the president of the general partner of each of the tenant-in-common owners of the Current Owner. The new ownership entity will invest approximately \$1.5 million in property improvements and upgrade units as they become vacant. MG Properties Group will continue as the property manager of the Project.

Aegon Workforce Housing Fund 3 is an affiliate of Aegon, a real estate investment company with over 568 Low Income Housing Tax Credit (LIHTC) projects throughout the U.S. Within the Bay Area, Aegon has investment in 31 LIHTC developments. MG Properties Group was established in 1992 and currently manages over 20,000 apartments in California, Washington, Oregon, Nevada and Arizona. They have managed Del Norte Place for the past 12 years, and are in compliance with the Regulatory Agreement.

This action is to approve the sale and transfer of the Project from the Current Owner to the New Owner, including the execution of an Assignment, Assumption, Consent and Release Agreement (form attached) that transfers the Regulatory Agreement to the New Owner. The action also approves the services of our bond counsel, Quint & Thimmig. Quint & Thimmig have served as bond counsel for the County's Multifamily Housing Revenue Bond Program since 2011.

CONSEQUENCE OF NEGATIVE ACTION:

If not approved, Del Norte Place Apartments would not be able to be sold to Del Norte Place Apartments, L.P.

ATTACHMENTS

Resolution 2019/625

Del Norte Assignment and Assumption