



**Contra  
Costa  
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: January 7, 2020

Subject: Multifamily Housing Revenue Note - Marina Heights in Pittsburg

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**RECOMMENDATION(S):**

ADOPT Resolution No. 2020/7 authorizing the issuance of a multifamily housing revenue note (the "Note") designated as "County of Contra Costa, California, Multifamily Housing Revenue Note (Marina Heights Apartments), 2020 Series B" in an amount not to exceed \$40,000,000 to finance the acquisition and rehabilitation of a 200-unit multifamily rental housing project located at 2 Marina Boulevard in the City of Pittsburg (the "Development"), which is commonly known as Marina Heights Apartments.

1. FIND and DECLARE that the recitals contained in Resolution No. 2020/7 are true and correct.

2. APPROVE the form of, and authorize the County to execute, the Funding Loan Agreement among the County, Capital One, National Association (the "Funding Lender") and U.S. Bank National Association (the "Fiscal Agent") regarding the County sale of the Note to the Initial Funding Lender for the purpose of loaning the proceeds to Marina Heights Apartments, LP (the "Borrower").

3. APPROVE the form of, and authorize the County to execute, the Project Loan

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

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Action of Board On: **01/07/2020** ☒ 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: January 7, 2020

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

By: Stephanie Mello, Deputy

Contact: Kristen Lackey, (925)  
674-7793

cc:

Agreement among the County, the Fiscal Agent and the Borrower regarding the County loan of Note proceeds to the Borrower.

#### RECOMMENDATION(S): (CONT'D)

4. APPROVE the form of, and authorize the County to execute, the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower.

5. AUTHORIZE the delivery of the Note by the County to the Funding Lender as the initial purchaser of the Note.

6. APPROVE the form of, and authorize the County to execute, the Termination Agreement related to the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2004, between the County and FFAH Marina Heights, LLC.

7. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.

8. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2020/7, to do any and all things and take any 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 consummate the lawful issuance and delivery of the Note in accordance with the Resolution.

#### FISCAL IMPACT:

No impact to the General Fund. At the closing for the Note, the County is reimbursed for costs incurred in the issuance process. Annual expenses for monitoring of Regulatory Agreement provisions ensuring units in the Development will be rented to low income households will be reimbursed through issuer fees established in the documents for the Note. The Note will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Note documents. No County funds are pledged to secure the repayment of the Note.

#### BACKGROUND:

The recommended action is the adoption of Resolution 2020/7 by the Board of Supervisors, as the legislative body of the County, authorizing the issuance of a multifamily housing revenue note, the proceeds of which will be used to finance the acquisition and rehabilitation of Marina Heights Apartments, a 200-unit residential housing development located at 2 Marina Boulevard in the City of Pittsburg (the "Development"). The ownership entity for the development is Marina Heights Apartments, LP (the "Borrower"), a California limited partnership that consists of an entity related to Foundation for Affordable Housing as the managing general partner and an entity related to CREA as the tax credit equity investor. On March 26, 2019, the Board of Supervisors approved the transfer of ownership of Marina Heights Apartments to an entity related to the Foundation for Affordable Housing (Resolution No. 2019/94), which will transfer the Development to the Borrower at the closing for the Note.

Conservation and Development staff held a noticed public hearing on July 15, 2019 to

permit interested parties to comment on the proposed financing and the Development. No comments were received from the public. The Board adopted Resolution No. 2019/509 on July 30, 2019 to authorize proceeding with the issuance of the Note for the Development pursuant to Section 147(f) of the Internal Revenue Code and the submittal of an application by the County for tax-exempt private activity bond authority from the California Debt Limit Allocation Committee. On October 16, 2019, the California Debt Limit Allocation Committee awarded the County authority to issue the Note in a maximum principal amount of \$40,000,000 through its Resolution No. 19-133.

The structure of the financing will be one note (the term “note” is interchangeable with “bond” as they both evidence a borrowing). The County of Contra Costa, California Multifamily Housing Revenue Note (Marina Heights Apartments) Series 2020 B (the “Note”) will be purchased by Capital One, National Association (the “Funding Lender”) and the proceeds of the sale will be loaned by the County to the Borrower to finance the acquisition and rehabilitation of the Development. The loan will be assigned to Freddie Mac. In addition to the proceeds of the Note, the Development will be funded with low income housing tax credits. The transaction is expected to close on or about January 31, 2020.

The Development will be one hundred percent affordable with 20 units affordable to households earning at or below 50% area median income and 178 units at or below 60% area median income plus two managers units. A Regulatory Agreement governing these affordability restrictions will be recorded against the property and the current Regulatory Agreement (entered in 2004) will be terminated. Pittsburg City Council approved the County's application for and issuance of the Note at its August 19, 2019 meeting.

#### CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Note in order to provide a loan to Marina Heights Apartments, LP to finance the acquisition and rehabilitation of Marina Heights Apartments.

#### CHILDREN'S IMPACT STATEMENT:

The recommendation supports one or more of the following children's outcomes:

- (1) Children Ready for and Succeeding in School;
- (2) Children and Youth Healthy and Preparing for Productive Adulthood;
- (3) Families that are Economically Self Sufficient;
- (4) Families that are Safe, Stable and Nurturing; and
- (5) Communities that are Safe and Provide a High Quality of Life for Children and Families.

#### ATTACHMENTS

Resolution 2020/7

Marina Heights Funding Loan Agreement

Marina Heights Project Loan Agreement

Marina Heights Regulatory Agreement  
Marina Heights Termination Agreement