



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: June 21, 2022

Subject: Approve Reissuance of Multifamily Housing Revenue Notes and Bonds for the Terraces at Nevin

RECOMMENDATION(S):

1. ADOPT Resolution No. 2022/195 approving the reissuance of Multifamily Housing Revenue Notes in the amount of \$85,000,000 and Bonds in the amount of \$45,000,000 that provided financing for the acquisition and construction of a 271-unit affordable rental housing development currently identified as the Terraces at Nevin Apartments, located at 2100 Nevin Avenue in Richmond, California. Such approval is solely for the purposes of satisfying the requirements of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code");
2. 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 Note or the Development; and
3. AUTHORIZE and DIRECT the Chair of the Board of Supervisors, the Vice-Chair of the Board of Supervisors, the County Administrator, the Director of the Department of Conservation & Development, the Assistant Deputy Director of the Department of Conservation & Development, County Counsel and the Clerk of the Board to take any and

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **06/21/2022** ☒ 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: June 21, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Deidre Hodgers,
925-655-2892

cc:

all actions and execute and deliver any and all certificates, agreements and other documents needed in connection with the modifications to the documents for the Notes and the Bonds.

FISCAL IMPACT:

No impact to the General Fund. The County will be reimbursed for any costs incurred in the process of conducting the TEFRA Hearing and Board of Supervisors' approval. The reissuance authorization is for the sole purpose of satisfying the provisions of the Code. No County funds are pledged to secure the Note.

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. The County is authorized to issue multifamily housing revenue notes and bonds pursuant to Section 52075 and following of the California Health and Safety Code.

BACKGROUND: (CONT'D)

On December 12, 2017, the Board of Supervisors adopted Resolution No. 2017/448 authorizing the issuance of a multifamily housing revenue note (the “Note”) and two series of multifamily housing revenue bonds (the “Bonds” and together with the Note, the “Obligations”) in the aggregate principal amount of \$130,000,000, and the loan of the proceeds on the sale of the Obligations to Richmond Nevin Associates, a California limited partnership (the “Borrower”), to provide financing for costs of the acquisition and construction of 271 units of residential rental housing located at 2100 Nevin Avenue in Richmond, currently known as the Terraces at Nevin Apartments (the “Development”).

The Borrower and the owner of the Note have agreed to modify some of the documents executed in connection with the issuance of the Note, to increase the principal amount of the Note to remain outstanding following the conversion of the Note from the construction phase to the permanent phase of the financing. This change is expected to be completed in July 2022. The modification of the documents will result in a “reissuance” of the Obligations for purposes of the Internal Revenue Code of 1986, as amended. In order for the interest on the Obligations to continue to be tax-exempt, Section 147(f) of the Code requires that the Board of Supervisors approve the reissuance of the Obligations following the conduct of a public hearing on the financing of the Development.

A public hearing was held by the Department of Conservation and Development on May 17, 2022, where members of the public were given an opportunity to speak in favor of or against the use of tax-exempt financing for the Development. No public comments were received. A notice of the hearing was published in the West County Times (proof of publication attached) on May 6, 2022.

CONSEQUENCE OF NEGATIVE ACTION:

Without the approval of the reissuance, the interest on the Obligations will become subject to federal income taxes pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended. This will create a negative operating balance for the development, leading to reduced reserves and greater financial risk.

CHILDREN'S IMPACT STATEMENT:

Terraces at Nevin Apartments will support outcome number 3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution 2022/195

Proof of Publication

TEFRA Transcript