



# COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

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## NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

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**MEETING DATE:** March 26, 2019

**TO:** Board of Supervisors

**FROM:** **Mike Dent – Housing & Community Services**

**SUBJECT:** A Resolution of the Board of Supervisors of the County of Nevada approving the issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for the Courtyards at Penn Valley Apartments.

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**RECOMMENDATION:** Accept public comment regarding the proposed Bond issuance by the California Statewide Communities Development Authority and approve the attached resolution.

**FUNDING:** Funding is provided through the California Statewide Communities Development Authority pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988. There is no impact on the General Fund.

**BACKGROUND:** The Courtyards at Penn Valley Project (the “Project”) is an existing affordable housing rental community that was built, new construction, in 2004. The Project was originally financed in part with funding from Nevada County’s CDBG loan, tax exempt bond financing, and equity raised from the syndication of Low Income Housing Tax Credits (LIHTC). The Project has reached the end of the initial tax credit compliance period and is eligible for re-syndication. The proceeds from re-syndicated LIHTC can be obtained by the Project undergoing an acquisition and rehabilitation with the issuance of new tax exempt bonds. The acquisition and rehabilitation of the Project’s feasibility will be further enhanced by modifying the terms of a promissory note concerning a \$195,000 Nevada County CBDG loan provided to Nevada County Housing Development Corporation (NCHDC) when the project was initially built. A proposed resolution to approve the modification of the terms of the promissory note on the CDBG loan is

also before the Board of Supervisors at this same meeting, which, if approved, will extend the loan's maturity date to December 31, 2039, and continue to allow forgiveness of the debt should the units maintain affordability as qualified low-income housing under CDBG guidelines throughout the life of the loan. The acquisition and rehabilitation of the project will provide upgrades to the property and allow the project to continue to provide affordable rental housing units to tenants in Nevada County. Under the proposed acquisition and rehabilitation, ownership of the apartment complex will transfer to Penn Valley 2, LP. Penn Valley 2, LP will consist of private investors, bond holders and NCHDC, who will remain as the general managing partner.

The California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among certain local agencies throughout the State of California, including the County of Nevada, to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects

Penn Valley 2, LP, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed \$7,500,000 in outstanding aggregate principal amount. The Authority intends to issue these Bonds to finance or refinance the acquisition, rehabilitation and development of the Project. These Bonds, or a portion thereof, will be "private activity bonds" for purpose of the Internal Revenue Code.

The Authority has requested that this Board approve the Authority's issuance of the bonds. The adoption of this resolution is for the sole purpose of ensuring compliance with Section 147(f) of the Internal Revenue Code of 1986, which requires private activity bonds, prior to their issuance, to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice. The Authority is the governmental unit on whose behalf such bonds are expected to be issued, and members of this Board of Supervisors are the applicable elected representatives of the County having jurisdiction to approve the Authority's issuance of the bonds. In authorizing the issuance of the Bonds, the County will take no responsibility for and will not give any approval of the proceedings for sale and issuance of the Bonds, or marketing of the Bonds. Further the County will not assume responsibility for any continuing disclosure obligations under federal or state securities laws regarding the Bonds, and the Bonds will not be the debt of the county.

The Board of Supervisors is requested to solicit public comment regarding the proposed Bond issuance by the Authority and approve the attached resolution authorizing the issuance of the Bonds and the Refunding Bonds by the Authority. If approved, the Health and Human Services/Housing Division will execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution.

**Item Initiated and Approved by:** Mike Dent, Director – Housing and Community Services