



August 7, 2007

Board of Supervisors  
Of the County of Marin  
Marin Civic Center  
San Rafael, CA 94903

4020 Civic Center Drive  
San Rafael, CA 94903-4173

Executive Director  
Barbara Collins

**SUBJECT: Proposed Issuance of Tax-exempt Bonds by the Housing Authority of the County of Marin to finance the Drake's Way Apartments project in Larkspur**

**RECOMMENDATION:** 1.) Conduct TEFRA Hearing and 2.) Adopt the following attached resolution:

Resolution authorizing the issuance of not-to-exceed \$9.5 million in private activity bonds to finance the Project subsequent to the proper noticing of a public hearing to be held before the Board of Commissioners on the date of the Resolution as required under Section 147 (f) of the Internal Revenue Code (the "TEFRA Resolution")

**SUMMARY:** EAH, Inc. (formerly Ecumenical Association for Housing) has requested that Marin Housing issue tax exempt private activity bonds to provide a portion of the required financing for the 24 unit Drakes Way apartment project to be located on the east side of the Larkspur Landing neighborhood in the City of Larkspur. The owner of the Project and the borrower of the Bond funded loan (the "Borrower") will be Drakes Way Housing Partners, L.P., a California limited partnership, which has as its general partner EAH Bay Area Community, LLC, an affiliate of EAH Inc. Neither the Housing Authority nor the County has any obligation to make payments of principal and interest on the proposed Bonds to be issued. The Bonds proposed to be issued are to be privately placed with Citibank N.A., which is to use the Bond proceeds to make a construction and permanent loan to the Borrower. The proceeds from the mortgage payments made by the Borrower along with tax-credit based capital contributions funded by the limited partner of the Borrower will be used to make all payments of principal and interest on the Bonds are supported by the rental revenue from the project.

Marin Housing has recently issued such bonds for two other EAH developments, Edgewater in Larkspur and San Clemente Place in Corte Madera. As with those transactions, Marin Housing has engaged Orrick Herrington & Sutcliffe LLP as the Authority's bond counsel.

EAH could have asked ABAG, the City of Larkspur or the California Statewide Communities Development Association (CSCDA) to serve as bond issuer. However, Marin Housing is both locally based and has the necessary expertise, so EAH would prefer that we play this role. All our costs would be covered by EAH and by issuing the bonds the Housing Authority provides a valuable service to local developers of affordable housing.

Housing Authority of  
the County of Marin

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13

The Resolution being considered today was drafted by Orrick. It is required by the section of the IRS Code that deals with tax-exempt bonds. The resolutions authorizes the use of up to \$9.5 million in tax-exempt bonds for the project and "starts the clock" on costs incurred by EAH that can be reimbursed with bonds proceeds. It also authorizes staff to submit an application for tax-exempt bond authority to the state. It does not obligate the Housing Authority to issue the bonds. A final resolution must be adopted after all the financing documents are completed before bonds can be issued.

The State of California Debt Limit Allocation Committee requires that this resolution be submitted with the application. EAH Inc. plans to submit the application in the next 10 days.

### **The Project**

The Drake's Way development is a 24-unit new construction project to be located on the east side of the Larkspur Landing neighborhood in the City of Larkspur.

Of the 24 units, one is occupied by the manager, 18 would be occupied by any qualified very low-income household, and the remaining 5 units will target very low-income special needs tenants with developmental disabilities, HIV/AIDS, or chronic mental illness. There will be an on-site service coordinator.

Entitlements were secured from the City in August 2003 and updated in June 2007. Funding has been secured from the State of California Dept. of Housing and Community Development Multi family Housing Program, Marin County Community Development Agency, the Marin Community Foundation, Tamalpais Pacific Foundation, and the City of Larkspur. The application for tax-exempt bonds will be submitted to the state by July 27 and the applications for Multifamily Housing Program funds and Low Income Housing Tax Credits shortly thereafter. EAH hopes to start construction this fall.

### **Public Hearing by Supervisors**

The rules and regulations related to issuance of tax-exempt private activity bonds such as those contemplated for Drake's Way require that a local elected public body approve the issuance of the bonds following a public hearing on the proposed bond issuance. The Board of Supervisors will hold that hearing today.

### **Upcoming Steps**

In the fall, after bond counsel prepares the necessary documentation, your Board will be asked to authorize the issuance of the bonds.

### **Fiscal Impact**

At bond closing EAH will pay us an origination fee of approximately \$28,000 plus a small annual payment thereafter for the term of the bonds. EAH will cover our costs of issuing the bonds, including the fees and expenses of the bond counsel.

Sincerely,

Barbara Collins  
Executive Director

For  
*Barbara Collins*  
Attachment: Resolution *A. Jakubcz*