



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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First District

JOEL ANDERSON  
Second District

TERRA LAWSON-REMER  
Third District

MONICA MONTGOMERY STEPPE  
Fourth District

JIM DESMOND  
Fifth District

**DATE:** February 11, 2025

**08**

**TO:** Board of Supervisors

### **SUBJECT**

**NOTICED PUBLIC HEARING: ISSUANCE OF EXEMPT FACILITY BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF MONTECITO VILLAGE APARTMENTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$25,000,000 (DISTRICT: 2)**

### **OVERVIEW**

The County has received a request from the California Municipal Finance Authority (“CMFA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of one or more series of exempt facility bonds in an aggregate principal amount not to exceed \$25,000,000 (the “Bonds”), for the benefit of Ramona Preservation LP (the “Borrower”), a California Limited Partnership. The Borrower has applied for the financial assistance of the Authority to finance or refinance the acquisition, rehabilitation and development of a multifamily rental housing project for Montecito Village Apartments located at 1464 Montecito Road, Ramona, California (collectively, the “Project”).

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue revenue bonds, including the Borrower. To initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve the Authority’s issuance of the Bonds. Although the Authority will be the issuer of the Bonds for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

Today’s recommendations will provide the Authority with the required authorization to pursue its determination to issue the Bonds on behalf of the Borrower for the Project.

### **RECOMMENDATION(S)**

#### **CHIEF ADMINISTRATIVE OFFICER**

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF MONTECITO VILLAGE APARTMENTS

**EQUITY IMPACT STATEMENT**

The Authority was established to assist in financing of nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue or reissue bonds. The Bonds issued will be used to finance or refinance the acquisition, rehabilitation and development of a multifamily rental housing project for Montecito Village Apartments located at 1464 Montecito Road, Ramona, California. The Project will assist the Borrower with its public benefit mission of helping to develop a multifamily rental housing project in the County of San Diego.

**SUSTAINABILITY IMPACT STATEMENT**

The proposed action would result in economic, social, health and wellbeing benefits for the community by allowing the Borrower to continue to provide comprehensive and affordable multifamily rental housing to diverse and underserved communities. The proposed action will contribute to County of San Diego Sustainability Goal No. 2 by providing just and equitable access to protect and expand availability of affordable housing by increasing investment in underserved communities of San Diego County.

**FISCAL IMPACT**

If approved, the proposal will result in approximately \$991 of unanticipated revenue to be used to reimburse the County for staff costs associated with this non-County financing. There will be no change in net General Fund cost and no additional staff years.

The Borrower will be responsible for the payment of all present and future costs in connection with the issuance of the financing related to the Project. The County will incur no obligation of indebtedness as a result of today's actions.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

The Debt Advisory Committee, composed of the Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

**BACKGROUND**

**California Municipal Finance Authority (“CMFA” or “Authority”)**

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The CMFA provides tax-exempt financing for qualified projects located throughout the State of California. The Authority's mission is to support economic development, job creation, and social programs throughout the State. By assisting nonprofit public benefit organizations and or for-profit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

**Ramona Preservation LP (“Borrower”)**

The Borrower is a single purpose entity affiliate of Security Properties (“SP”) created for this financing. SP is a national real estate investment, development, and operating company headquartered in Seattle, Washington. For over 50 years, Security Properties has provided quality housing to its residents as well as excellent financial performance for its investors. Since its founding, Security Properties has acquired or developed over 81,600 residential units at a cost of over \$5 billion. In 2007, the company began to take a more active role in affordable housing development, quickly becoming an industry leader in utilizing the Low-Income Housing Tax Credit (LIHTC) program to rehabilitate and preserve this important housing option. Since that time, SP has preserved more than 5,500 affordable housing units across the United States. SP owns and operates 17 properties and 2,833 units in California.

**Project**

The Montecito Village Apartments Project is an acquisition/ rehabilitation of an existing LIHTC property with a Section 8 Housing Assistance Payments contract that covers 100% of the 70 family units. The Project will undergo \$60,000/unit in construction improvements that will include but not be limited to: roof and siding improvements, parking lot repairs, HVAC work, unit interior upgrades, community amenity upgrades, ADA improvements, and landscaping and irrigation work. Amenities on the project will include a business center, community room, laundry room, and picnic area. Services will include various activities and a service coordinator. This financing will continue to provide 70 units of affordable housing for the residents of the San Diego County for the next 55 years.

**County Involvement**

Section 147(f) of the Internal Revenue Code requires that an applicable elected body, with respect to the Project, hold a public hearing and approve the issuance and delivery of the Bonds. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) approve the issuance of Bonds. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Bonds in an amount not to exceed \$25,000,000.

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**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's proposed action supports the Equity: Housing Strategic Initiative in the County of San Diego's 2025-2030 Strategic Plan by supporting and allowing the issuance of revenue bonds by CMFA for Ramona Preservation LP to finance or refinance the acquisition, rehabilitation and development of a multifamily rental housing project for Montecito Village Apartments located at 1464 Montecito Road, Ramona, California.

Respectfully submitted,



EBONY N. SHELTON  
Chief Administrative Officer

**ATTACHMENT(S)**

1. RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF MONTECITO VILLAGE APARTMENTS
2. NOTICE OF PUBLIC HEARING
3. PROJECT APPLICATION FOR BONDS