



## Legislation Details (With Text)

**File #:** 23-1279      **Version:** 1

**Type:** Agenda Item      **Status:** Approved

**File created:** 6/23/2023      **In control:** Board of Supervisors

**On agenda:** 7/18/2023      **Final action:** 7/18/2023

**Title:** Planning and Building Department, Planning Division, Long Range Planning Unit, Housing, Community and Economic Development (HCED) Program, recommending the Board authorize the extension of a temporary, interest-free loan from the General Fund to the Community Development Block Grant HCED fund, to be repaid upon HCED's receipt of the grant funding, no later than September 30, 2023.

**FUNDING:** Federal Community Development Block Grant Funds.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. A - Staff Memo- Diamond Village CDBG Loan Update 6-23-23, 2. B - Staff Memo Exhibits

Date	Ver.	Action By	Action	Result
7/18/2023	1	Board of Supervisors	Approved	Pass

Planning and Building Department, Planning Division, Long Range Planning Unit, Housing, Community and Economic Development (HCED) Program, recommending the Board authorize the extension of a temporary, interest-free loan from the General Fund to the Community Development Block Grant HCED fund, to be repaid upon HCED's receipt of the grant funding, no later than September 30, 2023.

**FUNDING:** Federal Community Development Block Grant Funds.

**DISCUSSION / BACKGROUND**

The State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) dated January 21, 2020, for the Community Development Block Grant (CDBG) Program.

On March 24, 2020 (File No. 20-0311, Item No. 23), the Board adopted Resolution 049-2020 to submit a project application for an allocation for up to \$1,000,000 of the Infill Infrastructure Grant (IIG) Program funds in cooperation with Pacific Southwest Community Development Corporation (“Co-Applicant”), Managing General Partner of the Diamond Village Apartments in Diamond Springs.

On November 17, 2020 (File No. 20-1316, Item No. 12), the Board approved a Traffic Impact Fee Offset in the amount of up to \$1,065,474 to the Diamond Village Apartments contingent upon executing a Traffic Impact Fee Offset Agreement that includes a Recapture Agreement, Rent Limitation Agreement and a Residential Anti-Displacement Agreement, to restrict 80 rental units for fifty-five (55) years for very-low and low-income tenants.

On June 23, 2020 (File No. 20-1733, Item No. 37), the Board approved Resolution 096-2020 authorizing application to HCD in response to a NOFA dated January 21, 2020, for the CDBG

Program. Eligible applicants for CDBG grant assistance include a city or county that does not receive a direct allocation of CDBG funds from the United States Department of Housing and Urban Development (HUD) or is participating in an Urban County Agreement. In response to the 2020 NOFA, the County of El Dorado (the "Applicant") submitted a project application for an allocation of up to \$1,498,000 of the CDBG Program funds for an acquisition loan to the development partnership of the Diamond Village Apartments, an 81-unit affordable multifamily housing development in Diamond Springs.

The CDBG program notified eligible applicants that the state received additional funding making it possible to award additional projects funding under the 2020 Community Development Block Grant program - Coronavirus Response (CDBG-CV) and/or the 2020-2021 funding year of the state CDBG program. In order for applicants to receive funding, revisions to the initial resolution were required.

On June 8, 2021 (File No. 21-0863, Item No. 47), the Board adopted Resolution 058-2021 for the submittal of an application for the 2020 Community Development Block Grant program - Coronavirus Response (CDBG-CV) and/or the 2020-21 funding year of the state CDBG program funds to HCD to provide up to \$1,498,000 as funding for property acquisition required for affordable multifamily residential development.

On December 14, 2021 (File No 21-1761, Item No. 32), the Board adopted Resolution 183-2021 for the application to the State of California CDBG program. The CDBG program notified eligible applicants that the state received additional funding making it possible to award additional projects funding under the 2020 Community Development Block Grant program - Coronavirus Response (CDBG-CV) and/or funding available through the State of California 2019-2020 Annual Action Plan August 2020 Second Substantial Amendment, and/or CDBG activities, pursuant to the CDBG Method of Distribution as described in the State of California 2020-2021 Annual Action Plan January 2021 Substantial Amendment. In order for applicants to receive funding, revisions to the initial resolution authorizing application are required for funding to provide up to \$1,498,000 for property acquisition required for affordable multifamily residential development, specifically the Diamond Village Apartments project.

On May 24, 2022 (File No. 22-0609, Item No. 31), the Board in accordance with Board Policy A-6, accepted the grant award for the CDBG Grant funding in the amount of \$1,498,000 as funding for property acquisition required for affordable multifamily residential development in support of the Diamond Village 81-unit affordable multifamily workforce housing project located in the community of Diamond Springs, authorized the Auditor-Controller's Office to process check requests to disburse funds which will be reimbursed by corresponding amounts from the CDBG grant; and authorized a temporary, interest-free loan from the General Fund to the CDBG HCED fund, to be repaid upon HCED's receipt of the grant funding, not later than September 30, 2022.

On August 16, 2022 (File No. 22-1400, Item No. 35), the Board approved a budget transfer increasing revenue and appropriations to allow for the disbursement of grant funds up to \$1,498,000 from CDBG Grant funding.

On January 10, 2023 (File No. 23-0076, Item No. 38), the Board retroactively approved Amendment I to Agreement 21-CDBG-HK-00098 with HCD extending the term of the Agreement by nine (9) months for a revised expiration date of September 29, 2023, with no changes to the CDBG funding amount for the property acquisition required for affordable multifamily residential development in support of the Diamond Village 81-unit affordable multifamily workforce housing project located in the

community of Diamond Springs.

Staff was notified on July 3, 2023 that the reimbursement submittal was received by HCD for the reimbursement of the \$1,498,000 the County loaned to the developer. The reimbursement is now being processed by HCD. Reimbursements are usually processed by HCD within six (6) to eight (8) weeks. Due to the timing of receiving the reimbursement, staff is requesting that the Board approve an additional extension of the temporary, interest-free loan from the General Fund to the CDBG HCED fund to prevent the HCED Program from closing out Fiscal Year 2022-23 with a negative balance.

Once the reimbursement check from HCD is received, it will be applied to the County's General Fund.

### **ALTERNATIVES**

N/A

### **PRIOR BOARD ACTION**

See Discussion/Background Above

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel, Risk Management, and Auditor-Controller

### **CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

### **FINANCIAL IMPACT**

There is no change to net county cost associated with this item. Staff costs are provided by General Fund Housing Element Implementation funds that have been included in the Fiscal Year (FY) 2022-23 and 2023-24 budgets. A loan from the General Fund is necessary to prevent the HCED Program from closing out FY 2022-23 with a negative balance. Any resulting negative interest charges will be reimbursed to General Funds through either CDBG grant funding or HCED General Fund Housing Element Implementation funds already budgeted for that purpose.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

N/A

### **STRATEGIC PLAN COMPONENT**

Good Governance - Promote the development of resources to identify and pursue additional revenue including local, state, federal and private funding for new and existing projects.

Healthy Communities - Achieve sufficient and attainable housing for all El Dorado County residents.

Economic Development - Provide attainable housing options - balance jobs with housing.

### **CONTACT**

Karen L. Garner, Director

Robert Peters, Deputy Director Planning

Planning and Building Department