



## Legislation Text

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**File #:** 23-0076, **Version:** 1

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Planning and Building Department, Long Range Planning Division, Housing, Community and Economic Development Program, recommending the Board:

- 1) Retroactively approve Amendment I to Agreement 21-CDBG-HK-00098 with the Department of Housing and Community Development, extending the term of the Agreement by nine (9) months for a revised expiration date of September 29, 2023, with no changes to the Community Development Block Grant 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;
- 2) Ratify the Planning and Building Department Director's signature on Amendment I to Agreement 21-CDBG-HK-00098, and authorize the Planning and Building Department Director, or designee, to execute any subsequent amendments thereto that do not affect the dollar amount or the term, and any other grant-related documents determined necessary, contingent upon approval by County Counsel and Risk Management; and
- 3) Authorize the Planning and Building Department Director, or designee, contingent upon approval by County Counsel and Risk Management, to execute any further Loan Agreements, Development Agreements, Promissory Notes, Regulatory Agreements, Deeds of Trust With Assignment of Rents, or any amendments thereto, and all other documents determined necessary to proceed with issuing the grant funds up to \$1,498,000 from Community Development Block Grant funding in the form of a loan, to service the loan to, and collect loan repayments from Diamond Village Apartments, LP, a California Limited Partnership, for the development of the Diamond Village Apartments in Diamond Springs.

**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 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. 20-0733, Item No. 37), the Board approved Resolution 096-2020 (authorizing application to the State of California Department of Housing and Community

Development 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.

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 CDBG-CV program and/or the 2020-21 funding year of the state CDBG program funds to the State of California Department of Housing and Community Development 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 CDBG-CV program 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 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 Planning and Building Department Director, or designee, contingent upon approval by County Counsel and Risk Management, to execute the Standard Agreement and subsequent amendments thereto that do not affect the dollar amount or the term and to sign other grant-related documents; authorized the Planning and Building Department Director, or designee, contingent upon approval by County Counsel and Risk Management, to execute the Loan Agreements, Development Agreements, Promissory Notes, Regulatory Agreements, Deeds of Trust With Assignment of Rents, and all other documents necessary to issue the grant funds up to \$1,498,000 from Community Development Block Grant funding in the form of a loan, to service the loan to, and collect loan repayments from Diamond Village Apartments, LP, a California Limited Partnership, for the development of the Diamond Village Apartments in 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), and as a result in delays to the originally anticipated process and timeline to distribute these grant funds, the Board approved a budget transfer to account for carrying over the appropriations and reimbursement from Fiscal Year 2021-22 to Fiscal Year 2022-23.

Due to various unforeseen delays including staffing shortages and parcel split process, the Planning and Building Department was unable to distribute the funds within the original Grant Agreement timeline, which was set to expire on December 28, 2022. Staff began working with HCD to initiate a term extension to the Grant Agreement in December 2022; however, it was approved following the Board's last meeting of 2022. As such, and in order to avoid further jeopardizing this project and funding, the Planning and Building Department Director signed the Amendment on December 21, 2022 and it was fully-executed by HCD on December 23, 2022. As amended, the term of the Grant Agreement is extended to September 29, 2023 to allow for sufficient time to complete the loan disbursement and reimbursement process, as well as any subsequent grant reporting requirements.

### **ALTERNATIVES**

The Board may choose not to approve the retroactive Amendment I to Grant Agreement 21-CDBG-HK-00098 and ratification of the Planning and Building Department Director's signature on the Amendment, which would result in the County's inability to contribute funding for this project as well as the potential for the project applicant to not be able to move forward with the project as other funding sources and loan obligations are dependent on this funding from the County through the HCD grant funds.

### **PRIOR BOARD ACTION**

See Discussion/Background above.

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

County Counsel and Risk Management have approved the proposed Amendment I.

### **CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

### **FINANCIAL IMPACT**

There is no change to Net County Cost associated with this item. The HCD CDBG grant funds have already been awarded to the County and following the Board's adoption of the budget transfer referenced above, the appropriations for the disbursement of these grant funds as well as the subsequent reimbursement from HCD through the Department's HCED Program has been included in the Fiscal Year 2022-23 budget. Additionally, a check for the loan amount has already been issued and is ready to be sent to the title company following the Board's approval of this Amendment. It's anticipated that reimbursement from HCD to the County will be completed within 30-60 days following the close of escrow and within Fiscal Year 2022-23. Though no further delays are anticipated, should it later be determined that reimbursement from HCD will not occur during Fiscal Year 2022-23, the Department will return to the Board with a General Fund loan request and corresponding budget transfer to carryover the reimbursement to Fiscal Year 2023-24 and to avoid a negative closing fund balance for the HCED Program.

### **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**

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