



Legislation Text

File #: 24-0883, **Version:** 1

Planning and Building Department, Planning Division, Long Range Planning, Housing Unit, recommending the Board:

- 1) Authorize the Director of the Planning and Building Department, or successor, to execute the Standard Agreement with the State of California Department of Housing and Community Development for the amount of \$3,150,000 upon execution through June 30, 2026, and subsequent amendments thereto that do not affect the dollar amount and to sign other grant-related documents;
- 2) Delegate authority to the Planning and Building Department Director, or successor, 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 \$3,000,000 from Senate Bill 2 Permanent Local Housing Allocation Non-Entitlement Local Government Competitive Component funding in the form of a loan, to service the loan to, and collect loan repayments from Pacific Southwest Community Development Corporation, a California Nonprofit Public Benefit Corporation, for the development of the Diamond Village Apartments in Diamond Springs; and
- 3) Authorize the Auditor-Controller's Office to process a check request to disburse funds from the grant award once received to Pacific Southwest Community Development Corporation. (District 3)

FUNDING: State Senate Bill 2 (Chapter 364, Statutes of 2017) Permanent Local Housing Allocation Program Competitive Component from the Building Homes and Jobs Trust Fund.

DISCUSSION / BACKGROUND

The State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) dated October 14, 2022, for the Non-Entitlement Local Government Competitive Component Grant for the Permanent Local Housing Allocation (PLHA) Program.

In response to the 2022 NOFA, the Board adopted Resolution 155-2023 to authorize submittal of a 2022 PLHA project application for an allocation of up to \$3,150,000 of the PLHA Program funds for an acquisition loan to the development partnership of the Diamond Village Apartments, an 81-unit affordable multifamily workforce housing development in Diamond Springs.

Upon approval of the Standard Agreement, the PLHA grant funds are to be loaned to Pacific Southwest Community Development Corporation, a California Nonprofit Public Benefit Corporation, (Co-Applicant) in the amount of \$3,000,000 for the Diamond Village Apartments as a deferred payment loan at three percent interest, subject to a Regulatory Agreement, evidenced by a Promissory Note and secured by Deed of Trust with Assignment of Rents and Security Agreement ("Deed of Trust") which shall restrict occupancy and rents in accordance with the Department approved underwriting of the project for at least 55 years.

A Special Revenue account was created to deposit \$150,000 of the grant funds for County costs associated with administering, monitoring and compliance relating to the project.

The PLHA application supports the County's Housing Element Policy HO-1.18 which states that the County shall develop incentive programs and partnerships to encourage private development of affordable housing; and Measure HO-2013-21, which recommends the support of County application for funds from a variety of sources in support of public improvements and/or community development on behalf of development for, and services that assist, affordable housing.

The Development: Affordable Housing Developer, Diamond Village Apartment LP, a California Limited Partnership, is proposing the new construction of an 81-unit workforce affordable housing apartment complex on Service Drive in the community of Diamond Springs. The project is known as Diamond Village Apartments. The Diamond Village Apartments will be developed by Diamond Village Apartment LP, a California Limited Partnership, who's Managing General Partner, Pacific Southwest Community Development Corporation, a California nonprofit corporation, and whose General Administrative General Partner is SNO Foundation, a Nonprofit Private Foundation.

Pacific Southwest Community Development Corporation (PSCDC) is a non-profit 501(c)3 California Public Benefit Corporation that acts as the managing general partner for over 70 low- and moderate-income apartment properties in California and Arizona. Based in San Diego, PSCDC aims to develop high quality affordable housing and provide educational and community services that empower residents to achieve economic and social stability. Resident-focused programming includes computer training, financial education, free farmers markets, tutoring, job readiness support, and other health, wellness, and educational services. On a monthly basis, PSCDC organizes nearly 600 classes and events engaging over 6,000 residents.

PSCDC are a recognized non-profit housing organization with developments throughout California and Arizona. PSCDC is well-connected to various community and government agencies through its operation of these developments.

SNO Foundation, a nonprofit 501(c)(3) private foundation, is the Administrative General Partner for the Diamond Village Apartments, LP.

Time is of the essence for approval and execution of the Standard Agreement and loan documents.

ALTERNATIVES

The Board may deny the Standard Agreement for the PLHA competitive grant funding. This could result in difficulty by the developer to complete the project due to increased construction and interest rate costs to the project developer.

PRIOR BOARD ACTION

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.

May 24, 2022 (File No. 22-0609, Item No. 31), the Board accepted the grant award for CDBG Grant funding in the amount of \$1,498,000 for property acquisition costs in support of the Diamond Village 81-unit affordable housing project located in 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 not affecting 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 in the form of a loan, to service the loan to, and collect loan repayments; 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. This grant funding has been processed and the County has received full reimbursement from HCED.

October 10, 2023 (File No. 23-1776, Item No. 18), the Board accepted the grant award for PLHA Grant funding in the amount of \$3,150,000 for eligible activities for costs in support of the Diamond Village 81-unit affordable housing project located in Diamond Springs; and adopted Resolution **155-2023** PLHA Grant Program application to the State of California Department of Community Development for funding.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel and Risk Management

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

There is no match requirement associated with the award of funds under the Non-Entitlement Local Government Competitive Component Grant for the Permanent Local Housing Allocation (PLHA) Program. All County costs associated with administering the PLHA funds is reimbursable. County staff administrative costs associated with this project will draw on the allocated administrative funds awarded in the amount not to exceed \$150,000.

PLHA program funds in the form of a loan are required to have approval of, and be distributed by, the local agency. PLHA funds will be distributed from the program to the County and the County will distribute to Pacific Southwest Community Development Corporation. There are no County funds necessary in the transaction.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Safe and Healthy Communities - Develop a continuum of support and housing opportunities for unhoused individuals.

CONTACT

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