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Title: Planning and Building Department, Long Range Planning, Housing, Community and Economic Development Program, recommending the Board approve a budget transfer increasing revenue and appropriations to allow for the disbursement of grant funds up to \$1,498,000 from Community Development Block Grant funding (4/5 vote required).

FUNDING: Federal Community Development Block Grant Funds.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Budget Transfer, 2. Executed Budget Transfer

Date	Ver.	Action By	Action	Result
8/16/2022	1	Board of Supervisors	Approved	Pass

Planning and Building Department, Long Range Planning, Housing, Community and Economic Development Program, recommending the Board approve a budget transfer increasing revenue and appropriations to allow for the disbursement of grant funds up to \$1,498,000 from Community Development Block Grant funding (4/5 vote required).

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.

In response to the 2020 NOFA, the Board adopted Resolution 096-2020 to authorize submittal of a 2020 CDBG 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 workforce housing development in Diamond Springs.

On May 24, 2022 (Legistar 22-0609, Item 31), the Board accepted the grant award for \$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, and authorized the Planning and Building Department (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 \$1,498,000 from CDBG 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.

The Department anticipated distributing the funds in FY 2021-22, but there was a delay in the process. As the Department anticipated completing the process in FY 2021-22, there is no budget available in FY 2022-23 to allow for the disbursement of the funds, and a budget transfer is necessary.

ALTERNATIVES

The Board may elect to reject this budget transfer and the resulting funding and support of the workforce housing development which would render the project financially infeasible.

PRIOR BOARD ACTION

On March 24, 2020, the Board of Supervisors adopted Resolution **049-2020** (Agenda Item 23, Legistar 20-0311) 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, the Board of Supervisors approved a Traffic Impact Fee Offset in the amount of up to \$1,065,474 (Agenda Item #12, Legistar 20-1316) 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, the Board of Supervisors approved Resolution **096-2020** (Agenda Item 37, Legistar 20-0733) authorizing application to the State of California Department of Housing and Community Development in response to a Notice of Funding Availability (“NOFA”) dated January 21, 2020, for the Community Development Block Grant (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, the Board of Supervisors adopted Resolution **058-2021** (Agenda Item # 47, Legistar 21-0863) 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 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, the Board of Supervisors adopted Resolution **183-2021** (Agenda Item 32, Legistar 21-1761) 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.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

The amendment to the FY 2022-23 Budget will increase Federal Revenue in the HCED Administration account by \$1,498,000 to allow for the grant funding to be received. Additionally, \$1,498,000 will be added to Special Department Expense appropriations to allow for the disbursement of these funds. These funds were budgeted, but not spent, in FY 2021-22, and this action will carry the funds over to the current year budget. There is no match requirement associated with the award of funds under the Community Development Block Grant (CDBG). Staff costs are provided by General Fund Housing Element Implementation funds already budgeted for that purpose.

CLERK OF THE BOARD FOLLOW UP ACTIONS

1) The Clerk of the Board will obtain the Chair's signature on the original budget transfer and will forward the budget transfer to the Auditor/Controller for processing.

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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