



Legislation Text

File #: 17-0587, **Version:** 1

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

- 1) Adopt and authorize the Chair to sign Resolution **101-2017** approving a loan from the Affordable Housing Trust Fund Revolving Predevelopment Loan Program at 1% simple interest per annum to CoreCare Foundation, Inc., to be used for predevelopment expenses associated with the Diamond Springs Village Apartments, an 81-Unit affordable rental housing development in Diamond Springs; and
- 2) Authorize the Director or Interim Director of Planning and Building to sign the Loan Agreement, Promissory Note and Deed of Trust, and any related documents which do not increase the maximum dollar amount or term of the Agreement, contingent upon approval by County Counsel and Risk Management.

FUNDING: Affordable Housing Trust Fund Revolving Predevelopment Loan Program within the Housing, Community and Economic Development Program Funds. (100% - Local)

DEPARTMENT RECOMMENDATION

Community Development Services, Planning and Building Department, Long Range Planning, Housing, Community and Economic Development Program (HCED), recommending the Board:

- 1) Adopt and authorize the Chair to sign Resolution **101-2017** approving a loan from the Affordable Housing Trust Fund Revolving Predevelopment Loan Program at 1% simple interest per annum to CoreCare Foundation, Inc. (CoreCare), to be used for predevelopment expenses associated with the Diamond Springs Village Apartments, an 81-Unit affordable rental housing development in Diamond Springs; and
- 2) Authorize the Director or Interim Director of Planning and Building to sign the Loan Agreement, Promissory Note and Deed of Trust, and any related documents which do not increase the maximum dollar amount or term of the Agreement, contingent upon approval by County Counsel and Risk Management.

DISCUSSION / BACKGROUND

A petition for Writ of Mandate was filed on January 7, 2002, by the Measure Y Committee and others to stop the development of the Valley View Specific Plan in El Dorado Hills. The result of the petition was a settlement agreement that reduced the size of the development and required a \$150,000 contribution from the El Dorado Hills Investors to the County's affordable housing efforts.

On April 16, 2002, the Board adopted Resolution 101-2002 which approved a loan of \$150,000 at 1% simple interest per annum to Mercy Housing California for predevelopment costs associated with the 168-unit affordable workforce rental housing complex known as White Rock Village. Mercy Housing California repaid the loan, including accrued interest of \$4,438.44, on July 31, 2005, following completion of White Rock Village.

On March 3, 2009 (Item 14), the Board adopted Resolution 048-2009 approving a loan of \$130,000 at 1% simple interest per annum to El Dorado Habitat for Humanity, Inc., for predevelopment costs

associated with a 25-unit affordable single-home development in Diamond Springs. The project was cancelled and funds were never distributed. The funds are now available within a designated Special Revenue Fund as the Affordable Housing Trust Fund Revolving Predevelopment Loan Program within the HCED Program for non-profit developers of affordable housing.

On February 14, 2017 (Item 14), the Board approved a request for a Traffic Impact Mitigation Fee Offset, in the amount of up to \$1,463,200 for CoreCare, a 501(c)(3) Corporation, the developer of the Diamond Springs Village Apartments, which consists of an 81-unit workforce rental housing development to be located on Service Drive in Diamond Springs (Project).

In May 2017, CoreCare approached the HCED Program to apply for a loan of \$150,000 for predevelopment costs in support of the Diamond Springs Village Apartments. The Project, when completed, will provide 81 one-, two-, and three-bedroom rental units to households earning between 30% and 60% of the area median income for El Dorado County based on household size, plus one on-site manager's unit.

The predevelopment loan application was reviewed by a loan review committee comprised of representatives from the Chief Administrative Office, the Planning and Building Department, and HCED Program. The review committee recommends the Board approve a predevelopment loan of up to \$150,000 at 1% per annum simple interest, with deferred payment for a period of up to 60 months.

The predevelopment costs include but are not limited to: architectural plans and specs; market research consultants; preliminary financial applications; legal fees; reasonable and customary costs of obtaining firm construction loan commitments; engineering studies; and other costs reasonably associated with activities prior to development of the property. Predevelopment costs do not include administrative and staff costs.

The loan, if approved, will be formalized by a Promissory Note and Deed of Trust with the property serving as security for the full amount of the loan, pending County Counsel and Risk Management approval of the documents.

CONSISTENCY WITH THE COUNTY GENERAL PLAN

A goal of the County General Plan is to provide affordable housing opportunities that assist the County in its efforts to facilitate the provision of affordable housing for persons of very low, low, and moderate income while protecting the public health, safety and welfare of citizens.

The Project assists the County in meeting several goals and objectives of the General Plan, including those found in the Land Use Element, Public Services and Utilities Element, and the Housing Element, in addition to the Board's Strategic Plan Economic Development component for workforce housing. These goals support residential development in Community Regions, infill development, particularly developments that encourage multi-modal transportation, and increase the supply of housing affordable to lower-income households. The proximity of the proposed Project to schools, parks, and retail, allows easy access to these amenities by walking or bicycling. The Project is also in close proximity to public transit, medical services, present and future commercial and retail centers, and to employers.

The approval of a predevelopment loan will aide the developer in securing Low Income Housing Tax Credit Allocations that will ensure the Project affordability period for 55 years.

Housing Element Policy HO-1.18 directs the County to develop incentive programs and partnerships to encourage private development of affordable housing. In addition, Policy HO-1.26 states that incentives and/or subsidies shall be considered to support the production of housing for very low, low, and moderate income households. The Affordable Housing Trust Fund Revolving Predevelopment Loan Program for non-profit developers of affordable housing is one such incentive program. The proposed Project will help meet the County's Regional Housing Needs Allocation Goals and the County Strategic Plan Economic Development Goals for workforce housing.

ALTERNATIVES

The Board may reject approval of the affordable predevelopment loan funds.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel and Risk Management.

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

No change to Net County Cost is associated with this item. Funds are available in the Affordable Housing Trust Fund Revolving Predevelopment Loan Program from proceeds received from prior predevelopment loan repayments plus interest accrued. The current fund balance is approximately \$162,000 and available to encourage safe, decent, affordable housing for people with lower incomes.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) The Clerk of the Board will secure the Chair's signature on the original copy of the Resolution.
- 2) The Clerk of the Board will provide two (2) certified Resolution copies to Community Development Services, Planning and Building Department, attention of C.J. Freeland, HCED Program.

STRATEGIC PLAN COMPONENT

Economic Development

CONTACT

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Community Development Services, Planning and Building Department