



County of El Dorado

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Legislation Text

File #: 09-1023, **Version:** 2

Hearing to consider adoption of Resolution approving submittal of a HOME Investment Partnerships Program Grant Application to the California Department of Housing and Community Development on behalf of Mercy Housing California for funding in an amount up to \$5,100,000 for the development of a 55-unit affordable work force housing project; and authorizing the Director of Human Services, or successor, to sign the Applicant Certification and Commitment of Responsibility and other application documents and, if awarded, to execute the subsequent grant agreement and any amendments thereto that do not affect the dollar amount or the term, contingent upon approval by County Counsel and Risk Management, and other grant-related documents.

FUNDING: Federal HOME Grant Funds.

Resolution 185-2009

Fiscal Impact/Change to Net County Cost:

There is no cost associated with the application process, other than the staff time to complete the grant application. No County match is required for funding resulting from this application, if awarded.

Background:

Since 1998 the County has received two HOME Investment Partnerships grants to develop affordable housing projects in the unincorporated area of the County. Diamond Sunrise II, completed in 2002, is located in Diamond Springs and provides sixteen (16) units of affordable Senior Housing. The White Rock Village Apartments project, located in El Dorado Hills, was completed in 2005 and provides 168 units of affordable workforce housing.

In addition to projects funded by the HOME Program, the County administers an Owner-Occupied Rehabilitation Program and a First-Time Homebuyer Loan Program, which were initially funded in 2004 and 2009 respectively. Under the initial Owner-Occupied Rehabilitation grant, approved by Board of Supervisors in Resolution #329-2004, loans were provided to eight (8) low income households, including six (6) with disabled family members, to make health and safety repairs to their homes. Human Services is currently administering a new HOME First-Time Homebuyer Loan Program, approved by Board of Supervisors Resolution 215-2008, which is expected to provide loans of up to \$80,000 toward the purchase of a home in the unincorporated area of the County for approximately eight (8) low-income households. The County currently maintains wait lists for both programs that include one hundred and eighty-eight (188) households eligible for the First-Time Homebuyer Loan Program and twenty-five (25) households eligible for the Rehabilitation Loan Program.

Reason for Recommendation:

On June 30, 2009, item #38, the Board gave conceptual approval for the submittal of an application under the 2009 HOME Investment Partnerships Program Notice of Funding Availability (NOFA) for up to \$4,000,000 toward the development of an affordable rental housing project on behalf of a non-profit developer or \$800,000 to continue the Rehabilitation or First-Time Homebuyer Loan program. Upon further review of the NOFA, staff determined that the County is not eligible under this particular NOFA to receive funds to continue a program in this funding cycle. Therefore, an application would

be submitted on behalf of Mercy Housing California to develop an affordable rental housing project. The project grant amount presented in the conceptual approval request did not include additional funds of up to \$1,000,000 available through the NOFA for new construction projects that are able to set rents on a portion of the affordable units to 40% of the Area Median Income or below. Based on a rent study of the project area Mercy has determined that the proposed project is eligible to apply for these funds. In addition, the administrative funds available for staff time spent on grant activities during the course of the grant term were presented in the NOFA as a separate funding allocation. Therefore, the application is for a \$5,100,000 grant to capture available project and administrative funds.

This application submittal on behalf of Mercy Housing California is to assist in the funding of a proposed development for a 55-unit family work force housing project located on Sunset Lane in the unincorporated El Dorado County community of Shingle Springs. The project would provide a mix of one through three bedroom units, targeting households with incomes in the 30% to 60% area median income range. Further, the project would include energy efficient appliances and is expected to exceed Title 24 energy standards by at least 15%. Mercy Housing is an experienced developer and operator of affordable rental housing projects and currently owns and operates three projects in the County of El Dorado. In accordance with HOME Program affordability guidelines, the County would provide grant funds to Mercy Housing for the Sunset Lane project as a 55-year deferred payment loan.

An application under this NOFA for the development of an affordable housing project would support the goals of the 2008 General Plan Housing Element. Specifically, Policy HO-1.6 which states "The County will encourage new or substantially rehabilitated discretionary residential developments to provide for housing that is affordable to low-, very-low, and moderate-income households." Housing Element Policy HO-1.10 further states "The County shall apply for funds from the state and federal government such as the Community Development Block Grant (CDBG), HOME Investment Partnerships Program, and AB 2034 programs, and explore additional ways such funds may be used countywide to support construction of affordable housing."

The Sunset Lane project would be only partially funded by the \$5,000,000 - available for this purpose through a successful HOME grant application, with other outside funding sources obtained by Mercy Housing California. No local leverage commitment is proposed under this application. It is expected that the \$100,000 in administrative funds would cover all costs associated with administering the grant, with no additional County costs anticipated during the grant period.

The proposed budget for a HOME-funded application is outlined as follows:

General Administrative (GA) Costs during Grant Term:

HOME Funding - General Administration	\$ 50,000
County of El Dorado - Local Leverage/In-Kind Staff Time	<u>0</u>
Total GA:	\$ <u>50,000</u>

Activity Delivery (AD) Costs during grant term:

HOME Funding - Activity Delivery Costs	\$ <u>50,000</u>
Total AD:	\$ <u>50,000</u>

Project Development during Grant Term:

HOME Funding - Affordable Housing Project	\$5,000,000
Total Project funds during Grant Term:	<u>\$5,000,000</u>
Total Costs during Grant Term:	<u>\$5,100,000</u>

If the project is funded, existing staff would be utilized to administer the activities under the grant. The environmental review process would be completed as a part of the grant set up conditions as required by the State Department of Housing and Community Development and would be overseen by County staff. The attached application is a representation of the final application that would be submitted to the State Department of Housing and Community Development on or before August 14, 2009. Approval of the grant application does not affirm County approval of the project. Mercy Housing California is required to submit an application for the proposed project to Development Services for processing in accordance with existing policy and procedures.

Following the HOME grant closeout, County staff would conduct ongoing annual project monitoring per the requirements established by the HOME Program for the period of affordability, which is 55 years. The costs associated with that process are nominal and may be covered with General Fund dollars budgeted for Housing Element/Affordable Housing activities.

Action to be taken following Board approval:

Board Clerk to provide Human Services at Spring Street with one (1) Resolution signed by the Chairman and one (1) certified copy of the Resolution.

Contact: Daniel Nielson, 642-7275

Concurrences: N/A