



Legislation Text

File #: 10-0851, **Version:** 1

HEARING - Department of Human Services recommending the Board conduct a public hearing to consider and adopt a Resolution to:

- 1) Authorize the submittal of a 2010 HOME Investment Partnerships Program Grant Rental Project allocation application to the California Department of Community Development on behalf of Mercy Housing California for an amount up to \$3,100,000 for a 40-unit affordable workforce rental housing project;
- 2) Authorize the Director of Human Services to sign the Applicant Certification and Commitment of Responsibility and other application documents; and
- 3) If awarded, authorize the Director of Human Services, contingent upon approval by County Counsel and Risk Management, to execute the grant agreement and subsequent amendments thereto that do not affect the dollar amount or the term and to sign other grant-related documents.

FUNDING: Federal HOME Grant Funds

Resolution 137-2010

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FUNDING: Federal HOME Grant Funds

BUDGET SUMMARY:

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 General Fund match will be required for the HOME grant, if funded.

Background:

The County has supported the development of affordable housing projects since 1998, initially through a HOME Investment Partnerships (HOME) grant award approved for submittal on October 27, 1998 by Board of Supervisors Resolution #265-98. The grant award was applied for on behalf of Mercy Housing California for the Diamond Sunrise II affordable housing project. Through subsequent HOME grant awards and CalHFA loans, the County has continued to support the development of affordable housing in the unincorporated areas of El Dorado County. Diamond Sunrise II, completed

in 2002, is located in Diamond Springs and provides 16 units of affordable Senior Housing. The White Rock Village Apartments project, located in El Dorado Hills and completed in 2005, provides 168 units of affordable workforce housing. Both projects provide for a 55-year period of affordability.

Mercy Housing California is an affordable housing developer that owns and operates 26 rental properties in the Sacramento Valley, Sierra and foothill regions, including 3 properties in El Dorado County. Mercy Housing is well connected to social service agencies through its operation of the Diamond Sunrise Apartments Phases I and II, White Rock Village Apartments in El Dorado Hills and Tahoe Valley Apartments in South Lake Tahoe.

Reason for Recommendation:

Mercy Housing California (MHC) is an affordable housing developer that is proposing the new construction of a 40-unit workforce affordable housing apartment complex at the corner of Sunset Lane and Becken Lane in the community of Shingle Springs. The units at Sunset Lane Apartments will be a mix of one-through-three-bedroom apartments affordable to a range of El Dorado County household sizes with incomes ranging from 30% to 50% of the Area Median Income. The project will also include a 2,500 SF community building. Total project costs are estimated at \$13,769,612.

On July 20, 2010, the Board gave conceptual approval for submittal of an application under the 2010 HOME Investment Partnerships Program Notice of Funding Availability (NOFA) on behalf of Mercy Housing California for up to \$5,000,000 toward the development of their 40-unit affordable rental housing project. Upon further research and development of the grant application, it was determined that, since Mercy plans to use an available 9 percent Low Income Housing Tax Credit for the project, the maximum allowable application amount is reduced. It is therefore proposed to submit an application for up to \$3,100,000. Eligible beneficiaries under the HOME Program are households in the unincorporated area of the County of El Dorado earning no more than 80% of the area median income based on household size.

The County has worked with Mercy Housing California to apply for other State grant and loan funding to support the development of the Sunset Lane Apartments project. An application to California Housing Finance Agency (CalHFA) for \$1,500,000 HELP program loan funds to support Mercy Housing California in the development of an affordable housing project was approved on May 6, 2008 by Board Resolution #PHA 2-08. The application was selected for funding award, and the loan funds are targeted to the Sunset Lane Apartment project. On August 11, 2009, the Board approved the submittal of a HOME Investment Partnership application in the amount of \$5,100,000 that was not selected for funding award during 2009. An application to HCD for \$525,000 in CDBG General Allocation grant funds for public improvements in support of housing new construction was approved on June 15, 2010 by Board Resolution #075-2010, and award announcements are anticipated in September 2010.

In addition, Mercy Housing California has recently started discussions with the Department of Health Services, Mental Health Division, to explore the opportunity to apply for additional loan funding and capitalized operating subsidies under the Mental Health Services Act (MHSA) to reserve five (5) or more of the developed units for MHSA-eligible households. If it is determined that a MHSA funding application should be prepared, Mental Health staff will develop the application and provide an opportunity for citizen input and review before returning to the Board for final approval and authorization for submittal.

The proposed HOME application on behalf of Mercy Housing California will provide additional funding for the new construction of the Sunset Lane Apartments affordable workforce rental housing project. 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 secured by Deed of Trust. An Agreement with Mercy Housing California will be developed and executed subsequent to approval by County Counsel and Risk Management. The Department of Human Services will be responsible for providing grant administration, fiscal management, activity delivery, compliance, and monitoring of the project. Mercy Housing California will be responsible for the management of the project, in accordance with grant guidelines.

The environmental review process and the Agreement with Mercy Housing California 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. Existing staff would be utilized to administer the activities under the grant. Administrative and staff costs during the grant term will be covered by grant funding and does not require an in-kind match commitment. Any ongoing monitoring costs for the project are anticipated to be nominal and may be covered by General Fund dollars budgeted for Housing Element Implementation/Affordable Housing activities. These ongoing costs would be offset by the overall increase in property tax revenues resulting from the site improvements.

Proposed HOME Grant Budget during Grant Term:

General Administrative Costs during Grant Term:

HOME Funding - General Administration \$ 50,000

County of El Dorado - No leverage Commitment Required \$ - 0 -

Total General Administrative Costs during Grant Term: \$ 50,000

Total Rental Project Activity during Grant Term:

HOME Funding - Rental Project New Construction \$ 3,000,000

HOME Funding - Activity Delivery \$ 50,000

County of El Dorado - No Leverage Commitment Required \$ - 0 -

Total Rental Project Activity during Grant Term: \$ 3,050,000

Total Costs during Grant Term: \$ 3,100,000

The County allocates the cost of staff wages and benefits to the grant based on actual time worked. Other administrative costs to support the activities conducted under this grant, such as postage, office supplies and space costs are eligible grant expenditures and are included in the above proposed budget. Expenditures and activities conducted under the guidelines of this grant program are monitored by staff and reported to the California Department of Housing and Community Development.

Supporting affordable housing developers through CDBG and HOME grant applications and CalHFA loans assists the County in meeting General Plan Housing Element goals, including Policy HO-1.6 to “encourage new or substantially rehabilitated discretionary residential developments to provide for housing that is affordable to low, very low, and moderate income households”, and Policy HO-1.10 to “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.”

Action to be taken following board approval:

Board Clerk to provide Human Services, Housing, Community and Economic Development at Briw Road with two (2) certified Resolutions signed by the Chair.

Contact: Daniel Nielson, M.P.A., 642-7275

Concurrences: N/A