

**SUMMARY REPORT PURSUANT TO HEALTH AND SAFETY CODE
SECTION 33433 OF THE PROPOSED THE DISPOSITION, DEVELOPMENT
AND LOAN AGREEMENT BY AND BETWEEN CONTRA COSTA COUNTY
AND LA LOMA EAH, LLC (RODEO GATEWAY II) SENIOR HOUSING
PROJECT**

1. INTRODUCTION

The California Health and Safety Code, Section 33433, requires that if a successor to the former redevelopment agency wishes to sell or lease property to which it holds title and if that property was acquired in whole or in part with property tax increment funds, the successor must first secure approval of the proposed sale or lease agreement from its local legislative body after a public hearing. Section 33433 also requires a copy of the proposed sale or lease agreement and a summary report that describes and contains specific elements of the proposed transaction to be available for public inspection prior to the public hearing. As contained in the Code, the following information shall be included in the summary report:

a. The cost of the agreement to the County, including any site acquisition costs, maintenance costs, the costs of any improvements to be provided by the County, plus the expected costs of any loans to finance the DDLA. Please refer to Section 6 of this Summary for information on County costs of the DDLA.

b. The estimated value of the Property to be sold to the Developer pursuant to the terms of the agreement, determined under the highest and best uses permitted under applicable land use standards. Please refer to Section 7 of this Summary for information concerning the highest and best use value of the Property.

c. The estimated value of the fee interest in the Property to be conveyed, determined at the use and with the conditions, covenants, and development costs required for the development of the Property under the agreement (sometimes referred to as the "reuse value" of the Property). Please refer to Section 8 of this Summary for information regarding the reuse value of the Property.

d. The total purchase price (the "Purchase Price") to be paid for the Property by the Developer under the terms of the agreement, and, if the Purchase Price is less than the highest and best use value of the Property, an explanation of the reasons for such difference. Please refer to Section 9 of this Summary for information regarding the Purchase Price and the comparison to the highest and best use value of the Property.

e. An explanation of why the sale and redevelopment of the Property pursuant to the agreement will assist in the elimination of blight, with reference to all

supporting facts and materials for this explanation. Please refer to Section 5 of this Summary for information regarding the way the sale of the Property will eliminate blight, as well as a description of other public benefits that will be achieved through execution and implementation of the agreement.

In addition to the statutorily required information, this Summary also provides as background information a description of the transaction to be undertaken pursuant to the agreement (Section 2), and an outline of the County and the Developer's responsibilities under the agreement (Sections 3 and 4, respectively).

2. DESCRIPTION OF TRANSACTION

A. The Agreement: On February 1, 2022, the Contra Costa County Board of Supervisors will conduct a public hearing to consider approval of a Disposition, Development and Loan Agreement ("DDLA") for the Rodeo Senior - Phase 2 between Contra Costa County (the "County"), acting in its capacity as the housing successor to the dissolved Contra Costa County Redevelopment Agency, and La Loma Rodeo EAH, LLC, a non-profit corporation (the "Developer"). The DDLA provides for the County to sell to the Developer specified real property located on Assessor Parcel Number 357-120-074 on the 700 block of Willow Avenue, in unincorporated community of Rodeo in Contra Costa County, incorporated herein by reference (the "Property").

B. Project Description: The Property is an undeveloped .98-acre portion of a 2.11-acre parcel acquired in the late 1990's by the former redevelopment agency. The 2.11-acre site was subdivided into two parcels, to develop the northern parcel into a 50-unit senior housing project, known as the Rodeo Gateway Apartments. The remaining vacant .98-acre parcel to the south is the subject of this DDLA. The County, as housing successor, is charged with continuing to implement the affordable housing objectives of the former redevelopment agency. County staff analyzed the potential uses of the Property and determined that the Property is suitable for development of affordable housing. The Developer owns and manages the adjacent 50-unit Rodeo Gateway Apartments. The County intends to convey the property to the developer under the terms of the DDLA and provide a loan for the predevelopment and construction of the development. The sales proceeds generated from the disposition of the Property will be paid over time and used by the County to fund affordable housing objectives of the former redevelopment agency, in compliance with Health and Safety Code Section 34176.1.

3. COUNTY RESPONSIBILITIES

The County's primary responsibility under the DDLA is to, upon satisfaction by the Developer of the conditions set forth in the DDLA, sell the Property to the Developer for Nine Hundred Eighty Thousand Dollars (\$980,000). The County will provide a carry-back loan, in the amount of the sales price, as outlined in the DDLA. The County will provide an additional loan of Three million one hundred twenty-five thousand dollars from the Low- and Moderate-Income Housing Asset Fund to the Developer for predevelopment (\$1,000,000) and construction costs of the residential units (\$2,020,000, and community space (\$450,000). The total loan amount to the developer from the County is \$4,450,000.

The County will review and approve Developer' design and construction criteria and Development financing plans.

The County will work with the Developer to craft a use agreement for the community space to be used for senior programs.

The County will review other funding applications (or become co-applicant) for affordable housing funds, as applicable.

The County will review annual occupancy compliance reports to be submitted by the Developer.

4. DEVELOPER RESPONSIBILITIES

The Developer's primary responsibility under the DDLA is to purchase the Property from the County for Nine Hundred Eighty Thousand Dollars (\$980,000).

The Developer will also be responsible for completing the land use approval and design review process for the Development.

The Developer will be required to secure all necessary permits and approvals for the Development from the County and the County.

The Developer will be responsible for submitting binding commitments to finance the Development and close all construction financing. Presuming that the above conditions are met, and subject to the specific terms and conditions stated in the DDLA, the Developer will accept conveyance of the Property and diligently construct the Development, including all required public infrastructure required by Development land use approvals.

The Developer will be responsible for submitting and annual residual receipt loan payments in accordance with the terms of the DDLA.

The Developer will provide annual occupancy compliance reports to be submitted to the County for review.

The Developer will be responsible for meeting all terms, responsibilities and conditions identifies in the DDLA.

5. ELIMINATION OF BLIGHT AND OTHER PUBLIC BENEFITS

The Rodeo Redevelopment Project Area (the "Project Area") was established pursuant to the Rodeo Redevelopment Plan (the "Redevelopment Plan"). The transfer of the Property, which is located within the Project Area, will assist in the elimination of blight in the Project Area by developing a vacant parcel that has been subject to illegal dumping, encampments, and ongoing need for weed abatement. In addition, the funds generated from the sale of the Property will be used by the County to improve, increase, or preserve the supply of affordable housing in the community, thereby eliminating blighting conditions.

Sixty-six (66) of the Project's 67 units will be subject to the rent and income restrictions for 55 years. In accordance with the California Redevelopment Law, as stated in the California Health and Safety Code Section 33433, the conveyance of property shall either result in the provision of housing for Low- or Moderate- Income persons or result in blight elimination. Thus, conveyance of the property for the construction of housing for low- and moderate-income persons fulfills this requirement.

6. ESTIMATED COUNTY COSTS

The estimated costs to the County of the DDLA are generally as follows:

County Costs to Date

County Site acquisition costs (1998)	\$367,750
Property Taxes (approximate)	\$51
Maintenance costs (annual weed abatement)	\$12,910
Trash Abatement	\$4,400
Total County Cost	\$385,111.00

County Costs of Agreement

Purchase Price for Property	\$980,000
Predevelopment Loan	\$1,000,000
Construction Loan (residential units)	\$2,020,000
Construction Loan (community space)	\$450,000
Total Loan from County	\$4,450,000

The acquisition costs for the Property were paid by the former redevelopment agency in the late 1990's, prior to its dissolution from tax increment revenue deposited in the agency's Low- and Moderate-Income Housing Asset Fund. The County received the Property from the former redevelopment agency through the dissolution process and the implementation of Health and Safety Code Section 34176, which called for the transfer of housing assets to the housing successor.

7. **ESTIMATED VALUE OF PROPERTY AT HIGHEST AND BEST USE**

The estimated value of the Property, determined at the highest use permitted under applicable land use controls, is approximately \$980,000. This figure was determined by an appraisal prepared January 15, 2020 and assumed at highest and best use of multiple-family residence. The DDLA requires an updated appraisal prior to closing. If the appraised value changes, this summary report will be updated.

8. **ESTIMATED REUSE VALUE**

Reuse value is defined in California Redevelopment Law as the value of land taking into account legal restrictions on use, intensity, and development standards. The reuse value of the property, thus, is a direct function of the development economics specific to the proposed project. The Project will include 31 rental units to be restricted to households earning less than 30 percent of the AMI and 35 rental units to be restricted to households earning less than 60 percent of the AMI. As a result of the legal use restrictions placed on the site, the reuse value of the project will be somewhat less than the fair market value of the site. Per the terms of the DDLA, La Loma Rodeo EAH, LLC, will pay the County \$980,000 for the site, which is the fair market value as currently appraised and does not incorporate any discounts to the property's reuse value based on income restrictions.

The 31 very low-income and 35 low-income units will result in substantial community benefit. The difference between the market-rate rents and affordable rents will save these households \$1,077,634 annually. The investment of \$4 million from the Housing Successor will assist in providing the community in benefit over twelve times the amount of the initial investment for the 55-year term of the covenants.

Repayment of the loans to the developer will be deposited into the Low-Moderate Income Housing Fund, for redeployment of funds into additional affordable housing projects.

9. PURCHASE PRICE AND REASON FOR DIFFERENCE FROM HIGHEST AND BEST USE VALUE

The purchase price stated above is the fair market value of the Property based on the most recent appraisal of the Property, performed on December 19, 2019. If the updated appraisal shows a fair market value of the Property is greater than the purchase price for the Property to be paid by the Developer will be increased to include any value in excess of \$980,000. There is no difference between the Purchase Price under the DDLA and the Property's highest use value.