



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: March 29, 2016

Subject: Approval of Community Development Block Grant Legal Documents for the East Bluff Apartment Project in Pinole

RECOMMENDATION(S):

In the matter of making a to loan of \$2,000,000 in Community Development Block Grant funds to EB, L.P., to acquire and rehabilitate the East Bluff Apartments in Pinole:

1. FIND that this project is categorically exempt per Section 15301 of the California Environmental Quality Act (CEQA);
2. APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents to effect the loan;
3. DIRECT the Director of Conservation and Development to file a Notice of Exemption for the East Bluff Apartment project with the County Clerk; and
4. DIRECT the Director of Conservation and Development, or designee, to arrange for payment of the \$50 handling fee to the County Clerk for filing such Notice of Exemption.

FISCAL IMPACT:

No General Fund impact. Community Development Block Grant funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development (HUD). CFDA #14.218

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/29/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Candace Andersen, District II
Supervisor
Karen Mitchoff, District IV
Supervisor
Federal D. Glover, District V
Supervisor

ABSENT: Mary N. Piepho, District III
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 29, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Kara Douglas 925
674-7880

cc:

BACKGROUND:

On October 6, 2015, the Board of Supervisors allocated \$2,000,000 in Community Development Block Grant (CDBG) funds as a loan to Eden Housing Inc. for the acquisition of East Bluff Apartments at 1813 Marlesta Court, Pinole. East Bluff apartments was built in 1973 and was purchased by East Bluff Associates L.P. in 2010. The development consists of 144 one and two bedroom units in 13 apartment buildings. All units are affordable to households earning 50 or 60 percent of the area median income.

A new limited partnership, EB, L.P. will purchase East Bluff Apartments using CDBG funds. The general partner of EB, L.P. is EB, LLC with Eden Investments Inc. (an affiliate of Eden Housing, Inc.) as the sole member/manager. The limited partner will be the tax credit equity investor. These funds will be used to payoff an existing mortgage and to rehabilitate the property. The rehabilitation will include roof replacement, full reskinning of the buildings, window and door replacement, exterior stair replacement, deck removal, energy efficiency and water conservation upgrades, and path of travel and unit accessibility improvements. Interior improvements will include community room upgrades, and replacement of unit features as identified in the physical needs assessment. Landscape work will include the installation of two tot-lots and removal of trees to remove dead, dying and crowded trees. The cost and scope of the improvements will require compliance with building codes.

In addition to the CDBG loan, the project will be funded with low income housing tax credits and tax-exempt bond financing. The County is the issuer for the tax-exempt bonds. The City of Pinole has an existing loan, which will be assigned to the new owner. The new funds will be used to payoff an existing mortgage and to rehabilitate the property.

The County legal documents are attached and include a loan agreement, a promissory note, a deed of trust and security agreement, a regulatory agreement, and an intercreditor agreement. The loan will have a three percent interest rate and 55 year term, which is typical for CDBG loans. There may be some annual loan payments if the project has surplus cash flow. Otherwise, the loan is deferred for 55 years. The loan documents are attached in their substantially final form and will be executed in a form approved by County Counsel. The County will also be requested to subordinate to the bank loan and may be requested to sign estoppel agreements.

National Environmental Policy Act (NEPA): CDBG projects are subject to NEPA and 24 CFR Part 58 review. The NEPA review for this project has been completed and requires compliance with the Bay Area Air Quality Management District's asbestos removal permit requirements.

This project is categorically exempt from CEQA pursuant to Section 15301.

CONSEQUENCE OF NEGATIVE ACTION:

Without the approval and execution of the CDBG legal documents, the acquisition and rehabilitation will not be done and the property will continue to suffer from deferred maintenance.

CHILDREN'S IMPACT STATEMENT:

This project will help preserve existing affordable housing, which supports the Children's Impact Statement: "Families are Economically Self-Sufficient."

ATTACHMENTS

Notice of Exemption

Deed of Trust

Promissory Note

Regulatory Agreement

Intercreditor Agreement