



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: APPROVAL OF HOME, HOPWA, NSP and HOUSING TRUST FUND LEGAL DOCUMENTS FOR THE TABORA GARDENS PROJECT IN ANTIOCH

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents to loan \$700,000 in HOME Investment Partnership Act (HOME), \$650,000 in Housing Opportunities for Persons with HIV/AIDs (HOPWA), \$550,000 in Neighborhood Stabilization, and \$1,100,000 in Summer Lake Affordable Housing Trust funds to Tabora Gardens L.P., a California limited partnership, for the development of the Tabora Gardens Senior Apartment project in Antioch.

FISCAL IMPACT:

No General Fund impact. HOME Investment Partnerships Act and Neighborhood Stabilization Program funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development. (HOME CFDA# 14.239, NSP CFDA #14.218). HOPWA funds are provided to the County on a formula allocation basis through the City of Oakland (CFDA# 14.241). The County has received Summer Lake Affordable Housing Trust funds from the City of Oakley pursuant to an agreement between the County and the City of Oakley.

BACKGROUND:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor
Federal D. Glover, District V
Supervisor

ABSENT: Candace Andersen, District II
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: August 9, 2016

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas
925-674-7880

cc:

On February 26, 2013, the Board of Supervisors allocated \$200,000 in Neighborhood Stabilization Program (NSP) funds, and \$800,000 in Summer Lake Affordable Housing Trust (Housing Trust) funds to Satellite Affordable Housing Associates (SAHA) for the Tabora Gardens Apartment development. On February 25, 2014, the Board of Supervisors allocated \$650,000 in Housing Opportunities for Persons with HIV/AIDs (HOPWA) funds, \$700,000 in HOME Investment Partnerships Act (HOME) funds, and an additional \$350,000 in NSP and \$300,000

BACKGROUND: (CONT'D)

in Housing Trust funds. The total allocation of County resources is \$3,000,000.

The purpose of the Tabora Gardens Senior Apartment development is to improve the supply of multi-family rental housing affordable to and occupied by lower income senior households in East County through the construction of an 84 unit apartment building in Antioch. Five of the units will be designated as HOPWA units, four units will be designated as NSP units, eight units will be designated as Housing Trust units, and 18 units (including the other County units) will be designated HOME-assisted units. One unit will be reserved for an on-site manager. All of the County-assisted units will be affordable to households earning less than 50 percent of the area median income.

On April 12, 2016, the Board approved the HOPWA loan documents. Those documents were executed and funds were disbursed in May, 2016. This transaction will include the termination of the April, 2016 HOPWA documents and the HOPWA loan will be included in this new set of legal documents.

SAHA has formed a limited partnership, Tabora Gardens, L.P., to develop and own this project. Satellite AHA Development, Inc. is the general partner with a SAHA affiliate as the initial limited partner. Raymond James Tax Credit Funds, Inc. will replace the SAHA affiliate as the limited partner.

Additional financing for the development includes \$3,283,755 in City of Antioch funds (former redevelopment agency, Community Development Block Grant and NSP), \$5.2 million in Veteran's Housing and Homeless Prevention, \$6.9 million in State Multi-family Housing, \$12.2 million in four percent low income housing tax credits, and \$24 million in tax exempt bonds. The County is the issuer for tax exempt bonds.

HOME funds will be provided in the form of a 20-year, residual receipt loan with a three percent interest rate. HOPWA funds will be provided as a 10-year fully deferred loan with no interest. Housing Trust and NSP funds will be provided in the form of 55-year residual receipts loans with a three percent interest rate. The County will have an additional regulatory agreement to ensure that the County-assisted units remain affordable following the expiration of the 20-year HOME term and 10-year HOPWA affordability terms. The total term of affordability for all County-assisted units is 55 years. There may be some payments if the project has surplus cash flow. Affordability and use restrictions are incorporated into the County loan documents. The loan documents are attached in their substantially final form and will be executed in a form approved by County Counsel. Through this action, the DCD Director, or designee, is authorized to execute subordination agreements and estoppels that are consistent with the terms in the Loan Agreement.

National Environmental Policy Act (NEPA): HOME and HOPWA projects are subject to review under NEPA and section 24 of the Code of Federal Regulations Part 58 review.

The NEPA review for this project is complete and required mitigation actions are included in the loan agreement. The City of Antioch, as the lead agency, determined the project is exempt from CEQA. The County, as the responsible agency, posted a Notice of Exemption on April 12, 2016, following Board of Supervisors action to approve the HOPWA legal documents.

Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the proposed equity investment from low income housing tax credits is substantial compared to the amount of long term debt, the partnership agreement will have numerous safe guards of the investor's equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County funds may not be fully secured through the value of the property. Though the County loans out the funds it receives from the federal government, the funds are a grant to the County and do not need to be repaid to the U.S. Treasury.

CONSEQUENCE OF NEGATIVE ACTION:

Without the approval and execution of the HOME/HOPWA/NSP/Housing Trust legal documents, the project will not be constructed. Tabora Gardens Senior Apartments must close on the County bond financing by September 12, 2016, pursuant to State requirements.

CHILDREN'S IMPACT STATEMENT:

ATTACHMENTS

Tabora Intercreditor Agreement Antioch
Tabora HOME HOPWA NSP and SLTF LOAN Agreement
Tabora Development Loan Promissory Note
Tabora HOME HOPWA Regulatory Agreement
Tabora County Regulatory Agreement
Tabora Development Loan Deed of Trust