



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: February 14, 2017

Subject: Approval to Subordinate the County's Revocable Grant provided to Rubicon Programs for its Virginia Avenue Apartments in Richmond

RECOMMENDATION(S):

APPROVE a Subordination Agreement between the County and First Republic Bank, and DIRECT the Director of Conservation and Development to execute the agreement.

FISCAL IMPACT:

No impact to the General Fund. The County provided a revocable grant to Rubicon Programs for the rehabilitation of its Virginia Street apartments using Mental Health Services Act funds.

BACKGROUND:

On March 12, 2008, the County entered into a Revocable Grant Agreement with Rubicon Programs (Rubicon). The County granted Rubicon \$564,332 in Mental Health Services Act funds. The County secured the revocable grant with a Deed of Trust. The County also entered into a Regulatory Agreement that restricts the occupancy of the apartments to low income households that have a member with a mental illness.

The County Deed of Trust and Regulatory Agreement were recorded in junior lien position to an existing Deed of Trust from the State Department of Housing and Community

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/14/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V 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: February 14, 2017

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas
925-674-7880

cc:

Development (HCD). HCD loaned Rubicon

BACKGROUND: (CONT'D)

\$187,500 in 1981, and the loan was due in 2011. Rubicon tried to negotiate an extended loan term with HCD, but was not successful. Ultimately, it used its own funds to pay the HCD loan. It is now working with First Republic Bank to refinance the property. The new loan will be approximately \$185,000 with an amortization term of 30 years and a balloon payment at the end of 10 to 15 years. First Republic Bank will only provide the loan if the County subordinates its Deed of Trust to the new loan.

The loan will be smaller than the County grant; however, the County will be in the same lien position that it had with the HCD loan.

CONSEQUENCE OF NEGATIVE ACTION:

If the County does not subordinate to the new lender, Rubicon will not be able to close the loan and its funds will not be available for other program uses.

ATTACHMENTS

Subordination Agreement