



**Contra
Costa
County**

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

Subject: Revised Loan Agreements with Community Housing Development Corporation of North Richmond for the Heritage Point Project in North Richmond.

RECOMMENDATION(S):

Related to the Heritage Point predevelopment loan and technical assistance loan,
APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to

1. Execute a third amendment to the Amended and Restated Predevelopment Loan Agreement with the Community Housing Development Corporation of North Richmond, to increase the principal amount of the loan by \$226,500 to a new loan amount of \$877,200, and
2. Extend the term of the Amended and Restated Predevelopment Loan Agreement and Technical Assistance Agreement from December 31, 2016 to December 31, 2017.

FISCAL IMPACT:

No General Funds are being used to make this loan. The loan is being made with funds available to the County in its capacity as the Housing Successor Agency to the former Contra Costa County Redevelopment Agency.

☒ 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: Maureen Toms (925)
674-7878

cc:

BACKGROUND:

Predevelopment Loan Agreement

In 2011, the former Contra Costa County Redevelopment Agency (Agency) entered into a Predevelopment Loan Agreement with Community Housing Development Corporation of North Richmond (CHDC) for Phase II of the North Richmond Town Center Project. Phase II is on the eastern side of Fred Jackson Way, directly across the street from Phase I of the project. (Phase I was completed several years ago and includes the award winning Heritage Senior Apartments, North Richmond Health Center, the County Service Integration Team and streetscape improvements along Fred Jackson Way between Chesley Avenue and Grove Street.)

Phase II encompasses six parcels and is referred to as Heritage Point.

As a result of the dissolution of the Agency in February 2012, the County became the Housing Successor Agency to the Agency, the owner of the property on which Phase II may be constructed, and the lender under the Predevelopment Loan Agreement.

In December 2014, the parties entered into an Amended and Restated Predevelopment Loan Agreement (Amended and Restated Agreement). Under the Amended and Restated Agreement, the loan amount was increased from \$131,700 to \$283,700, using Housing Successor Agency funds in the form of housing bonds. On November 17, 2015, the Board of Supervisors (BOS) approved the first amendment to the Amended and Restated Predevelopment loan agreement to a new loan amount of \$436,200. The second amendment to the Amended and Restated Agreement, approved July 19, 2016, provided an additional \$184,500, to a total loan of \$620,700, covered the cost to prepare and submit construction drawings. The purpose of the proposed third amendment to the Amended and Restated Agreement is to make an additional \$226,500 of funds available to the project, increasing the loan amount to \$620,700. These additional funds are also Housing Successor Agency funds in the form of housing bonds.

The additional funds being made available to CHDC will be used to offset the cost of responding to comments on construction drawings, finalizing long-term project financing and legal expenses associated with preparing legal documents necessary for closing of the project. To date, the funds made available under the Amended and Restated Agreement have been used to (i) fully define the project, (ii) determine project feasibility, (iii) identify infrastructure needs, (iv) perform studies to inform a project-level environmental review process, (v) initiate and complete the land use entitlement process, and (vi) submit construction drawings to the Building Inspection Division. The funds made available under the Amended and Restated Agreement, as amended, will be rolled into the permanent project financing. With that financing the loan will be forgivable under certain conditions. If it is determined that the project is not feasible, the loan will be forgiven and all deliverables will be assigned to the County for use with another future developer.

Technical Assistance Loan Agreement

On April 1, 2014, the County entered a loan agreement with CHDC, under which the County made a technical assistance loan to CHDC in the amount of \$48,000 using HOME funds. On December 2, 2014 the loan was amended to extend the term to December 31, 2016. CHDC has completed the scope of work for which the technical assistance loan was made. The project is now fully entitled and the term of the technical assistance loan is proposed to be extended to be coterminous with the Amended and Restated Agreement.

CONSEQUENCE OF NEGATIVE ACTION:

Should the Board elect not to approve the loan amendment, CHDC will be unable to complete the work for issuance of building permits, finalize legal documents for the project, or finalize the long-term financing of the project.

ATTACHMENTS

Agreement

Note

TA Note