



Contra
Costa
County

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: May 9, 2017

Subject: Approval of Transfer of Ownership of Church Lane Apartments, San Pablo and Idaho Apartments, El Cerrito

RECOMMENDATION(S):

APPROVE the transfer of ownership of Church Lane Apartments in San Pablo and Idaho Apartments in El Cerrito (the Project) to a new limited partnership; and APPROVE the modification of the terms of existing County loans as part of the refinancing of the Project.

FISCAL IMPACT:

No General Fund impact. Church Lane Apartments has existing Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME) loans. Idaho Apartments has existing CDBG and HOPWA loans. All loans for both properties will be extended for a new 55-year term as part of the refinancing of the Project.

BACKGROUND:

Church Lane Apartments is located at 2555 Church Lane in San Pablo. It consists of 22 units of affordable housing that is suitable for families. In 1995 and 1997, the County loaned Church Lane - Rubicon Partners \$495,000 of (HOME) funds and \$245,000 of (CDBG) funds for site acquisition and development of Church Lane Apartments in San Pablo. The loans have a 55-year term with repayments made only when the borrower has surplus revenue. In 2014, an affiliate of Resources for Community Development (RCD)

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **05/09/2017** ☒ 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: May 9, 2017

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas,
925-674-7880

cc:

replaced Rubicon Partners as the General Partner in Church Lane - Rubicon Partners with the intention of refinancing and rehabilitating the property. The property needed some immediate repairs and in 2015 the County provided an additional loan of \$455,000 of CDBG funds.

BACKGROUND: (CONT'D)

At that time, the previous HOME and CDBG loans (principal and accrued interest) were added to the new CDBG allocation and the term of affordability was extended for an additional 55 years.

Idaho Apartments is located at 10203 San Pablo Avenue in El Cerrito. It provides permanent supportive housing for individuals who are homeless or at risk of homelessness. Eleven units are set-aside for persons with HIV/AIDs. In 1996 and 1999, the County loaned Idaho Apartments Associates \$470,000 of CDBG funds and \$357,000 of Housing Opportunities for Persons with HIV/AIDs funds for the acquisition and rehabilitation of Idaho Apartments. The loans have a 55-year term with repayments made from surplus cash. In 2014, an affiliate of RCD replaced Rubicon Partners as the General Partner in Idaho Apartments Associates.

RCD intends to combine Church Lane Apartments and Idaho Apartments as a single scattered-site development. As proposed, a new partnership, San Pablo Preservation, L.P., will be the new owner of both properties. The general partner is RCD GP, LLC and RCD is the sole member of the LLC. The limited partner will be a to-be-determined tax credit investor. (The initial limited partner is 112 Alves Lane, Inc.) The County loan documents require County approval of transfers to new ownership. The new partnership will apply for low-income housing tax credits and tax-exempt bonds, which together with an allocation of funds from the State Department of Housing and Community Development Multifamily Housing Program-Supportive Housing (MHP-SH), will provide funds to refinance the existing bank loans and rehabilitate both properties. The financing plan does not include pre-payment of the County loans.

In order for the County loans to be transferred to the new owner, the County will either need to assign its current loans to the new owner or enter into new loan documents with the new owner. The outstanding principal and accrued interest will be combined into a new principal amount. The interest rate will be set at the applicable federal rate. RCD may request a full or partial reduction of the accrued interest depending on the project financing and investor terms, which will be determined in the fall. The refinancing is scheduled to be completed in late 2017, with the rehabilitation work beginning immediately afterward.

Appropriate legal documents to modify the terms of the County loans will be brought to the Board of Supervisors for approval in the late fall or early winter of 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If the County does not approve the transfer of the properties to a new owner and agree to either assign the existing loans to the new owner, or enter into new loan documents with the new owner, then the refinancing cannot occur and the needed rehabilitation will not be done.

CHILDREN'S IMPACT STATEMENT:

Church Lane Apartments is affordable housing for families. The rehabilitation will improve the living conditions and will support Goal 3: Families are Economically Self Sufficient.