



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: February 13, 2018

Subject: Allocation of \$1,600,000 in FY 2018/19 HOME Funds as Recommended by the Affordable Housing Finance Committee

RECOMMENDATION(S):

APPROVE the Affordable Housing Finance Committee recommendation for the allocation of \$1,600,000 in FY 2018/19 HOME Investment Partnerships Act funds (HOME) to support the St. Paul's Commons affordable housing project in Walnut Creek.

FISCAL IMPACT:

No General Fund impact. HOME Investment Partnerships Act funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development (CFDA number 14.239).

BACKGROUND:

The Affordable Housing Finance Committee (AHFC) is a Board of Supervisors-appointed committee that develops funding recommendations for the Board concerning the allocation of federal funds for affordable housing development. This current funding recommendation is the result of a competitive application process initiated in October of 2017. A Notice of Funding Availability was sent to over 100 jurisdictions, public agencies, affordable housing developers and interest groups active in the Urban County (the unincorporated County and

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/13/2018** ☒ 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 13, 2018

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

By: June McHuen, Deputy

Contact: Kara Douglas,
925-674-7880

cc:

BACKGROUND: (CONT'D)

all cities except for Antioch, Concord, Pittsburg, and Walnut Creek) and the HOME Consortium area (the Urban County and all cities). The Department of Conservation and Development received 13 applications requesting approximately \$11.8 million (\$3.0 million in Community Development Block Grant funds and \$8.8 million in HOME Investment Partnerships Act funds).

The AHFC met on January 29, 2018, to consider staff's recommendation for the St. Paul's Commons project. The meeting was attended by approximately ten people representing various non-profit agencies, including applicant's staff and the general public. After questions and discussion, the AHFC recommended \$1,600,000 in FY 2018/19 HOME funds to the St. Paul's Commons project. This project has an allocation of nine percent low income housing tax credits (LIHTC) and is required to close all financing and start construction by April 2, 2018. Due to the urgency of the application, it was considered separately from the remaining applications. Funding recommendations for the remaining applications will be discussed at a future AHFC meeting and forwarded to the Board on May 8, 2018, along with the other non-housing Community Development Block Grant (CDBG) recommendations as part of the FY 2018/19 CDBG/HOME Annual Action Plan.

St. Paul's Commons

Resources for Community Development (RCD), in partnership with St. Paul's Episcopal Church, is proposing to develop St Paul's Commons, which involves the new construction of a 45-unit affordable housing development on a 0.64-acre site in Walnut Creek. St Paul's Commons will target households with incomes ranging from 30 percent to 60 percent of the Area Median Income (AMI). The development will include 30 studios, 14 one-bedroom units, and a two-bedroom unit for the resident property manager. The development will also include a property management office, a community center, resident roof deck, services office, shared computer terminals for residents, bike parking, and a laundry room.

The community center will comprise approximately 7,000 square feet of the total development and will function primarily as a public facility that will house the Trinity Center to provide a non-residential and non-sectarian day program serving homeless and working poor men and women in Walnut Creek and Central Contra Costa County. The Trinity Center will occupy approximately 72 percent of the community center's floor area. The project site is near to Walnut Creek's downtown and within walking distance of the Walnut Creek BART Station.

The property is owned by St Paul's Episcopal Church and it intends to lease the site to RCD after construction at a below market rate. RCD will then lease back the community center space to St. Paul's Church at a nominal, triple net rent amount. In turn, St. Paul's Church will lease approximately 4,990 square feet to Trinity Center for its operations of the day services to homeless persons. Trinity Center currently operates a day services program to homeless individuals on Church property and will continue its programs in the new

community center.

RCD was previously awarded \$800,000 in FY 2016/17 CDBG funds and \$200,000 in FY 2017/18 CDBG funds for the tenant improvements of the community center/public facility. RCD was also previously awarded \$1,042,319 in FY 2017/18 HOME funds and \$232,681 in Housing Opportunities for Persons With AIDS (HOPWA) funds. The financing plan for the entire development includes Affordable Housing Program (AHP) funds, City of Walnut Creek funds, and LIHTC. RCD was awarded LIHTC in the Special Needs and/or Homeless set aside. Therefore 50 percent of the units will be reserved to individuals and small families who are disabled, have a developmental or mental health disability, are survivors of physical abuse, or are homeless or at risk of homelessness.

RCD put the St. Paul's Commons project out to bid with the bids due on November 15, 2017. Unfortunately, while some inflation was anticipated, the bids came at \$3.4 million higher than RCD's Spring 2017 development estimate. In order to close the resulting budget gap, RCD pursued approximately \$1.0 million in construction scope reductions ("value engineering") and additional funding from the City of Walnut Creek, County, and private donations. With savings from value engineering, the remaining gap is approximately \$2.4 million. RCD has requested an additional \$1.6 million in CDBG/HOME funds from the County to assist in filling the budget gap.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board does not approve the AHFC funding recommendation, the St. Paul's Commons project will not be able to move forward and meet the tax credit allocation requirement of closing financing and starting construction by April 2, 2018.