



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: January 15, 2019

Subject: Amendment to Intercreditor Agreement - Grayson Creek Apartments

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Conservation and Development Department Director, or designee, to execute a First Amendment to Amended and Restated Intercreditor Agreement among the City of Pleasant Hill, the County of Contra Costa, and BRIDGE Grayson Creek Associates related to Grayson Creek Apartments in Pleasant Hill.

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.

BACKGROUND:

On September 17, 2001, the County entered in to an Amended and Restated Intercreditor Agreement (the "Original Agreement") with the City of Pleasant Hill Redevelopment Agency (the "Agency") and BRIDGE Grayson Creek Associates (the "Borrower") regarding Grayson Creek Apartments, a 70-unit affordable multifamily project located in Pleasant Hill (the "Project"). The Original Agreement described the loans made to the Project by the Agency and the County and the terms for repayment and lien positions, including the

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **01/15/2019** ☒ 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: January 15, 2019

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

By: Stephanie Mello, Deputy

Contact: Kristen Lackey (925)
674-7888

cc:

definition of Annual Operating Expenses.

BACKGROUND: (CONT'D)

The Annual Operating Expenses included in the Original Agreement allowed for partnership management fees in the amount of \$20,000 per year for a 15-year period. The Borrower requested the County and the Agency to revise the Original Agreement to increase the partnership management fee from \$20,000 to \$25,000 to allow for increases in administration costs incurred over the past 15 years, and to extend the period for receiving the fee beyond the initial 15 year tax credit syndication period. The extension will allow the property to continue its qualification for the State Board of Equalization annual welfare exemption from property taxes. Typically, these terms would be revisited during a refinancing and rehabilitation at the end of the tax credit syndication period; however, the Project is not in need of a refinancing or rehabilitation. The requested revisions are consistent with updates to the Contra Costa County Department of Conservation and Development FY 2018-19 Housing Funding Guidelines (Part 3 Section B.2.).

City of Pleasant Hill staff support the revision, and the matter will be considered by the City Council at its meeting on January 28, 2019.

CONSEQUENCE OF NEGATIVE ACTION:

If the amendment to the intercreditor agreement is not approved, the owner will have insufficient funds to continue the current level of operations and management at the Grayson Creek Apartments.

CHILDREN'S IMPACT STATEMENT:

Affordable housing for families supports one or more of the following children's outcomes:

- (1) Children Ready for and Succeeding in School;
- (2) Children and Youth Healthy and Preparing for Productive Adulthood;
- (3) Families that are Economically Self Sufficient;
- (4) Families that are Safe, Stable and Nurturing; and
- (5) Communities that are Safe and Provide a High Quality of Life for Children and Families.

ATTACHMENTS

Intercreditor Agreement