



**Contra  
Costa  
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: February 26, 2019

Subject: APPROVAL OF CDBG LEGAL DOCUMENTS FOR RICHMOND NEIGHBORHOOD HOUSING SERVICES HOUSING REHABILITATION PROGRAM

**RECOMMENDATION(S):**

1. **APPROVE** the Community Development Block Grant Program (CDBG) legal loan documents for the Richmond Neighborhood Housing Services Housing Rehabilitation Program.
2. **AUTHORIZE** the Conservation and Development Director, or designee, to loan a total of \$301,000 of CDBG Funds to Richmond Neighborhood Housing Services, Inc., and to execute the required legal loan documents for each property within the Richmond Neighborhood Housing Services Housing Rehabilitation Program.
3. **FIND** that the project is exempt from the California Environmental Quality Act [Section 15301(a)].
4. **DIRECT** the Department of Conservation and Development (DCD) to file a Notice of Exemption for this project with the County Clerk.
5. **DIRECT** DCD to arrange for payment of the \$50 handling fee to the County Clerk for filing such Notice of Exemption.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/26/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I  
Supervisor  
Candace Andersen, District II  
Supervisor  
Karen Mitchoff, District IV  
Supervisor  
Federal D. Glover, District V  
Supervisor

ABSENT: Diane Burgis, District III  
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 26, 2019

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

By: June McHuen, Deputy

Contact: Gabriel Lemus,  
925-674-7882

cc:



## RECOMMENDATION(S): (CONT'D)

### FISCAL IMPACT:

No General Fund impact. Community Development Block Grant funds are being utilized for each loan and the CDBG funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development (HUD). CFDA# 14.218.

### BACKGROUND:

Richmond Neighborhood Housing Services, Inc. (RNHS) is a non-profit organization that was established to address various housing needs with the Richmond community. RNHS owns 16 single-family rental properties in the south side of Richmond. All of the 16 homes are currently rented and occupied by extremely-low, very-low, and low-income residents. On July 18, 2017, the Board of Supervisors allocated \$280,000 of CDBG funds to Richmond Neighborhood Housing Services, Inc. (RNHS), to rehabilitate up to five residential properties for low-income households in the City of Richmond. The Board previously approved \$130,000 of \$280,000 to RNHS to rehabilitate a tri-plex property, leaving \$150,000 available for 3 to 4 single-family properties. In June 2018, the Board allocated an additional \$151,000 of CDBG funds to RNHS to rehabilitate an additional two to three properties. The total remaining amount available to loan to RNHS is \$301,000. All of the properties are in need of interior and/or exterior rehabilitation.

The amount of each loan to rehabilitate each property will differ dependent on the rehabilitation work that is needed for each respective property. However, based on initial inspections of the properties, the loan amount for each property will be between \$50,000 and \$100,000. The loan amount may exceed \$100,000 if necessary. Each property will have a mix of exterior and interior upgrades, including but not limited to bathroom upgrades, kitchen upgrades, flooring, wall repair, exterior/interior painting, window replacement, and roof repairs/replacement.

RNHS purchased the single family homes and has a mortgage with Cathay Bank. Five of the properties are security for the loan from Cathay Bank. The remaining properties are un-encumbered. The attached legal documents are templates for the loans on the respective properties. There are two versions of the loan templates: one for when the County is the only lender; and the other for when the County is a junior lender. Each loan will have a one percent interest rate that will be deferred for 30 years, and due and payable upon transfer or default.

This recommended action includes authorization to execute any and all documents and to take any and all action necessary to implement the activities authorized under the Loan Documents, including execution of loan amendments or modifications for the purposes of agreeing to reasonable extensions of time deadlines.

### **CEQA and NEPA Determination:**

This activity is exempt from CEQA pursuant to 14 CCR 15301(a) and 15061(b)(3). NEPA is required for each individual property; however, it is anticipated that the NEPA process will lead most, if not all, of the projects for the properties to be converted to exempt activities under NEPA per 24 CFR Part 58.35(a)(4)(i).

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the rehabilitation of the residential properties identified for rehabilitation under RNHS's Housing Rehabilitation Program.

CHILDREN'S IMPACT STATEMENT:

The project will provide for the conservation of affordable housing, which supports the Children's Report Card by helping families become economically self-sufficient and enables families to be safe, stable and nurturing.

ATTACHMENTS

RNHS Loan Agreement (No senior lender)

RNHS Loan Agreement (With senior lender)

RNHS-Regulatory Agreement

RNHS-Deed of Trust

RNHS-Promissory Note