



Contra  
Costa  
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: November 12, 2019

Subject: Approval of CDBG Loan Documents for Chesley Mutual Housing Rehabilitation Project in Richmond

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### **RECOMMENDATION(S):**

APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents associated with the loan of \$350,000 in Community Development Block Grant funds to finance the rehabilitation of Chesley Mutual Housing Rehabilitation Project in Richmond; and

1. FIND that the project is categorically exempt per Section 15194 of the California Environmental Quality Act (CEQA);
2. DIRECT the Director of Conservation and Development to file a Notice of Exemption for the Chesley Mutual Housing Rehabilitation Project with the County Clerk; and
3. DIRECT the Director of Conservation and Development, or designee, to arrange for payment of the \$50 handling fee to the County Clerk for filing such Notice of Exemption.

### **FISCAL IMPACT:**

No General Fund impact. Community Development Block Grant funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development (HUD).

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

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Action of Board On: **11/12/2019** ☒ 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: November 12, 2019

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

By: Laura Cassell, Deputy

Contact: Kristen Lackey (925)  
674-7888

cc:

## BACKGROUND:

On July 18, 2017, the Board of Supervisors allocated \$350,000 in Community Development Block Grant (CDBG) funds to Chesley Avenue Limited Partnership, a limited partnership with Community Housing Development Corporation of North Richmond as the managing general partner. The funds were allocated in the form of a loan for the rehabilitation of Chesley Mutual Housing, a 15 year-old 30-unit affordable housing development located at 802 Chesley Avenue in Richmond (the “Project”). The CDBG funds will be used for replacement of hot water heaters, replacement of bathroom fixtures with energy efficient appliances, exterior painting, playground improvements, tree trimming and/or removal, and replacement of interior and exterior lighting.

The loan will have a three percent simple annual interest rate over a term of 45 years. There may be annual loan payments if the project has surplus cash flow. Otherwise, the loan is deferred for the 45 year term. Coterminous with the loan term, the County will enter in to a Regulatory Agreement with Chesley Avenue Limited Partnership to restrict 29 of the units at the following levels of affordability:

Number of Bedrooms	Quantity	Affordability Level	CDBG assisted units
2	1	30%	1
2	2	40%	2
2	5	50%	5
3	1	30%	1
3	5	40%	5
3	15	50%	15
2	<u>1</u>	Manager's Unit	
Total	30		29

The CDBG Loan Agreement, CDBG Promissory Note, Deed of Trust, and Regulatory Agreement and Declaration of Restrictive Covenants are attached in their substantially final form and will be executed in a form approved by County Counsel. The CDBG loan will be subordinate to the existing debt on the project including bond loan, City loan, City Redevelopment Loan and AHP loan, and the County may be requested to sign estoppel agreements to that effect. This action of the Board includes authorization of the DCD Director to execute estoppel and subordination agreements consistent with the subordination terms included in the Development Loan Agreement.

National Environmental Policy Act (NEPA): CDBG projects are subject to NEPA and 24 CFR Part 58 review. The NEPA review for this project has been completed

## CONSEQUENCE OF NEGATIVE ACTION:

Without the approval and execution of the CDBG legal documents, the rehabilitation will not be done and the property will suffer from deferred maintenance.

#### CHILDREN'S IMPACT STATEMENT:

The recommendation 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

Chesley CDBG Reg Agr

Chesley Deed of Trust

Chesley Promissory Note

Chesley CDBG Loan Agr