



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: November 16, 2021

Subject: Approve and Authorize \$1,605,000 HOME loan and related legal and CEQA documents for Esperanza Place, 42 affordable ownership units in Walnut Creek

RECOMMENDATION(S):

In the matter of loaning \$1,605,000 in HOME Investment Partnership Program (HOME) funds to HEBSV Esperanza Place LLC, a California limited liability company that is wholly owned and managed by Habitat for Humanity East Bay/Silicon Valley (Habitat), for Esperanza Place (formerly known as Las Juntas), a 42-unit for-sale affordable condominium development in Walnut Creek:

1. FIND, as the responsible agency, that on the basis of the whole record before the County including the California Environmental Quality Act (CEQA) review prepared by the City of Walnut Creek as the lead agency that the development is exempt under Sections 15192, 15194, 15195, 15332, and 15061(b)(3) of CEQA; and
2. APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents following approval as to form by County Counsel, to effect the loan; and
3. DIRECT the Director of Conservation and Development, or designee, to file a Notice of Exemption for Esperanza Place with the County Clerk, and pay any required fee for the

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **11/16/2021** ☒ 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 16, 2021

, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Christine Louie, (925)
655-2888

cc:

filing

FISCAL IMPACT:

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

BACKGROUND:

In 2016, the County as the Housing Successor to the Contra Costa Redevelopment Agency sold the property located at 1250 Las Juntas Way, Walnut Creek, to Habitat for Humanity for fair market value, for the construction of a for-sale housing development affordable to low- and moderate-income households. Prior to that, the site was previously used for temporary parking while the Contra Costa Centre BART station parking structure was under construction. The proceeds received from the sale of the property were deposited into the Housing Successor's low and moderate-income housing fund. As a condition of the sale of the property, the County and Habitat entered into a Declaration of Affordability Covenants dated December 14, 2016, and recorded against the property on December 23, 2016, which required Habitat to sell any homes constructed on the property at an affordable cost to low- and moderate-income households. The City of Walnut Creek approved loan financing of \$5,150,000 to develop the project. Habitat has a long record of affordable housing development in the Bay Area, and the County has funded other Habitat projects in the past.

On June 11, 2019, the Board of Supervisors (Board) approved the FY 2019/2020 Action Plan, which included the recommendation to fund this project with HOME funds for the construction of 42 condominiums. The project, originally named Las Juntas, is now known as Esperanza Place. The homes will be constructed in two phases with 23 units constructed in Phase One and 19 units constructed in Phase Two. All 11 of the HOME-assisted units will be built in Phase One and will be sold to homebuyers earning up to 80% Area Median Income (AMI). The condominiums will range in size from one to four bedrooms.

The project has all its other financing sources in place and the County will need to execute the legal documents for the \$1,605,000 HOME funds previously awarded by the Board to complete their project financing and obtain their construction loan. The HOME funds will be used for construction hard costs. The County HOME loan will be fully deferred during construction and will be partially repaid by the borrower after the sale of each HOME-assisted unit to an eligible first-time homebuyer. The sales of the HOME-assisted units must be completed within six months of the date construction is completed on the unit. The purchase prices will be affordable to the applicable target income group and below the market rate value. County staff will work with Habitat to determine the final home sales prices. Habitat will provide homebuyer counseling and will work with the homebuyers to obtain private mortgages.

The HOME term of affordability for the units will be stated in a homeowner resale restriction agreement that will be recorded against each HOME-assisted unit at the time

of sale and may range from five to 20 years, depending on the amount of down payment assistance provided by Habitat. The County Loan Agreement (Agreement) and related documents are attached in their substantially final form and will be executed in a form approved by County Counsel. Any minor modifications to the documents prior to close will get final approval to execute by the CAO's office and approval as to form from County Counsel.

HOME projects are subject to National Environmental Policy Act (NEPA) and 24 CFR Part 58 review, in addition to CEQA. The City of Walnut Creek as CEQA lead agency has determined the project was exempt as an infill development. The County's NEPA review for this project is complete and required mitigation actions are included in the Agreement. The County, as a responsible agency under CEQA, concurs with the City's CEQA determination and will file the appropriate notice with the Recorder's Office.

CONSEQUENCE OF NEGATIVE ACTION:

Without the approval and execution of the HOME legal documents, the project will not be able to move forward. HEBSV Esperanza Place LLC must close the transaction in 2021 and start construction as soon as possible, or the project will be further delayed.

CHILDREN'S IMPACT STATEMENT:

Affordable housing such as that to be provided by Esperanza Place is consistent with Children's Report Card outcome #3: Families are Economically Self-Sufficient.

ATTACHMENTS

Loan Agreement

Deed of Trust

Promissory Note

Intercreditor Agreement