



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: January 10, 2023

Subject: \$400,000 HOPWA Loan to Veterans Square

RECOMMENDATION(S):

AUTHORIZE a loan of Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$400,000 to Veterans Square, L.P. in support of refinancing the construction of an affordable housing development known as Veterans Square located at 901 Los Medanos Street and 295 East 10th Street in Pittsburg.

APPROVE and AUTHORIZE the Director of Conservation and Development, or designee, to execute (i) a First Modification Agreement that modifies certain documents evidencing the County's previous loan of \$2,200,400 of HOME Investment Partnership Act (HOME) funds to Veterans Square, L.P. to reflect the addition of the \$400,000 HOPWA loan, (ii) a HOPWA Regulatory Agreement to be recorded against the property, and (iii) a First Amendment of Subordination and Intercreditor Agreement to reflect the addition of the \$400,000 HOPWA loan.

FISCAL IMPACT:

No General Fund impact. Federal HOPWA funds are provided to the County on a formula allocation basis through the City of Oakland, as HOPWA Grantee.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **01/10/2023** ☒ 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

Ken Carlson, 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 10, 2023

Monica Nino, County Administrator and Clerk of the Board of Supervisors

Contact: Christine Louie, (925)
655-2888

By: June McHuen, Deputy

cc:

BACKGROUND:

Housing Development

The Veterans Square housing development is a three-story building with 30 apartment units in downtown Pittsburg. The development targets veterans and persons experiencing homelessness and includes 29 apartments affordable to low-income residents and one manager's unit. The ground floor includes a community space for use by residents, an office for the building manager and two offices for service providers. Construction of the development began in November 2020. Construction was completed in February 2022. The building is currently fully occupied.

BACKGROUND: (CONT'D)

Funding Sources

The following are among the many financing sources that were used in the construction of this project: A \$11,434,610 bond issuance (through the County); \$780,000 from the City of Pittsburgh Housing Authority; and a loan of \$2,200,400 of HOME funds from the County in October 2020. The HOME loan has a 55-year term, zero interest and is secured by a deed of trust. The HOME loan documents include a regulatory agreement that restricts the use of the property to affordable housing for 55 years.

In 2020, the developer applied for \$400,000 in HOPWA funds to refinance its construction loan with permanent financing. The Board of Supervisors approved the allocation of the HOPWA funds in May 2021.

Current Action

This Board action would authorize the \$400,000 loan of HOPWA funds to the development as part of permanent financing, and authorize the Director of Conservation and Development to execute documents to evidence the HOPWA loan. The following documents would be signed by the Director of Conservation and Development: (i) a First Modification Agreement, which modifies certain HOME loan documents to reflect the existence of the HOPWA loan, (ii) a HOPWA regulatory agreement, and (iii) a first amendment to subordination and intercreditor agreement to reflect the HOPWA loan. No changes are being made to the existing HOME loan documents beyond the incorporation of the HOPWA loan.

The HOPWA loan has a 55-year term and zero interest. The existing deed of trust is being modified to include the HOPWA loan.

CONSEQUENCE OF NEGATIVE ACTION:

If the HOPWA loan is not approved, the developer will not be able to refinance its construction loan with permanent financing in a timely manner.

CHILDREN'S IMPACT STATEMENT:

The long-term housing available at the development is consistent with Children's Report Card outcome #3: Families are Economically Self-Sufficient.

ATTACHMENTS

Modification of County Deed of Trust, Loan Agreement, and Regulatory Agreement

First Amendment of Subordination and Intercreditor Agreement

HOPWA Promissory Note

HOPWA Regulatory Agreement