



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: February 28, 2023

Subject: Nevin Plaza – Amendment to Loan Agreement and Transfer of Property

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Conservation and Development, or designee, to execute an Assignment, Assumption and Consent and First Amendment to Community Development Block Grant (CDBG) Loan Agreement between the County and the Housing Authority of the City of Richmond (RHA), under which the County is consenting to the following:

1. An amendment to the existing CDBG Loan Agreement dated December 1, 2019, between the County and the RHA (the Loan Agreement), under which the County loaned the RHA \$401,523 of CDBG funds to assist in the repair of the elevators in the apartment building commonly known as Nevin Plaza, located at 2400 Nevin Avenue in Richmond (the Development), to extend the term of the loan and to charge interest to the borrower.
2. The assignment of all of the RHA's rights and obligations under the Loan Agreement to Nevin Plaza I, L.P. (the Limited Partnership), a limited partnership that intends to rehabilitate the Development.
3. RHA leasing the real property that is the site of the Development to the Limited

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/28/2023** ☒ 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: February 28, 2023

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

By: Antonia Welty, Deputy

Contact: Gabriel Lemus,
655-2885

cc:

Partnership for 99 years.

4. The sale of the Development to the Limited Partnership by RHA.

5. A Memorandum of Loan being recorded, creating a record of the existence of the County's loan.

FISCAL IMPACT:

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

BACKGROUND:

Under a CDBG Loan Agreement dated December 1, 2019, between the County and RHA (the Loan Agreement), the County loaned RHA \$401,523 in Community Development Block Grant (CDBG) funds to assist with the repair and replacement of two elevators in Nevin Plaza public housing located at 2400 Nevin Avenue in the City of Richmond (the Development). The Development is a multifamily residential rental development reserved for elderly and/or disabled households. The elevator repairs have been completed and the loan was disbursed to RHA. The loan was provided to RHA with a term of 20 years with no interest.

RHA is working with EAH Housing, Inc. (EAH), a non-profit affordable housing developer, to have an EAH affiliated limited partnership, Nevin Plaza I, L.P (Limited Partnership), acquire and rehabilitate Nevin Plaza. To achieve this, RHA and the Limited Partnership desire to enter into (i) a ground lease, under which the Limited Partnership would lease the site of the Development, and (ii) a purchase and sale agreement, under which the Limited Partnership would purchase the Development. RHA and the Limited Partnership also desire RHA's rights and obligations under the Loan Agreement be transferred to the Limited Partnership. All of these actions require the County's consent.

In addition to consenting to the ground lease, the sale of the Development and the assignment of the Loan Agreement to the Limited Partnership, this board action also would result in an amendment to the Loan Agreement, in order for the CDBG loan to be consistent with the terms of other lenders and to avoid negative tax implications for the other lenders providing loans to the Limited Partnership. The amendment to the Loan Agreement has the effect of (i) amending the term of the CDBG loan from a 20-year term to a 55-year term, and (ii) the CDBG loan accruing interest at 3.86 percent compounded annually. The proposed loan amendment would also require the Limited Partnership to make annual payments to the County equal to the County's pro rata share of residual receipts. The amendment to the CDBG loan would occur simultaneously with the close of the ground lease and the sale of the Development to the Limited Partnership.

As part of the transfer from RHA to the Limited Partnership, the County will reconvey the previous promissory note with RHA and have the Limited Partnership execute a new promissory note, evidencing the Limited Partnership's obligation to repay the CDBG loan in accordance with the terms of the amended Loan Agreement. In addition to receiving a new promissory note, the County will record a Memorandum of Loan, to create a public record of the existence of the CDBG loan.

CONSEQUENCE OF NEGATIVE ACTION:

If the County does not approve the transfer and loan modifications, the Limited Partnership will not be able to acquire, rehabilitate, and preserve the 142 units of affordable housing.