

COMMUNITY DEVELOPMENT

GRANTS AND LOANS

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Richard Colwell, Chief Assistant CEO-Redevelopment Director *REC Colwell*
Rae James, Deputy Director
DATE: August 7, 2007
SUBJECT: Adopt a Resolution to Apply For Up To \$4,000,000 In 2007 HOME Investment Partnership Funds for an Affordable Senior Rental Housing Development near Tahoe City and Authorize the Chief Assistant CEO-Redevelopment Director or Designee to Sign All Related Documents Subject to Review by County Counsel.

ACTION REQUESTED: Adopt a resolution to apply for up to \$4,000,000 in 2007 HOME Investment Partnership Funds (HOME) for an affordable senior rental housing development near Tahoe City and authorize the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents subject to review by County Counsel.

BACKGROUND: A Notice of Funding Availability (NOFA) was issued in June 2007 by HOME. Placer County is eligible to apply to the State of California, Department of Housing and Community Development for Federal HOME funds of up to \$4,000,000 to assist in the construction of a new affordable multi-family rental development for seniors known as Highlands Village located in the Dollar Hill Area, near Tahoe City. Applications are due by August 15, 2007.

In January 2005, your Board the approved Highlands Village development. The project consists of a small-scale commercial development, and 128 residential units, of which 50 are to be market-rate town homes and the remaining affordable senior multi-family rental units. In December 2006, the Planning Commission approved an option to reduce the number of units from 78 units to approximately 42. The developer and property owner proposed the reduction due to limited funding resources and market studies. The 42 units will be on a 2.5 acre parcel and affordable to very low and low income senior households. The income range will be approximately 40% to 60% of area median income. One-bedroom rents are estimated at \$524 per month and two-bedroom rents at \$624 per month. Professional property management will be hired to screen tenants, enforce rules, and keep the complex clean and safe. The rental units will include amenities such as microwaves, patios, and emergency alarms with underground parking, group meeting rooms, a lounge, computer rooms, a library, and a laundry facility in the complex. There will be a resident property manager and supportive services.

Financing and development will be achieved through a public and private partnership. The site is owned by Highlands Village Partnership, whose principal is Randall Nahas. The Partnership has entered into an option to purchase the rental site by W.R. Spann, LLC. W.R. Spann, LLC and Roope, LLC have formed a separate, limited partnership to develop the Project, known as Dollar

Hill Pacific Associates, LP (Developer) with a future, non-profit limited partner. William Spann and Caleb Roope are both principles of Pacific West Communities (PWC) and experienced developers of affordable housing in mountain communities. PWC recently completed an affordable housing complex in Truckee and has started another.

Total cost of the senior housing is estimated at \$12,000,000. The Developer will leverage the \$4,000,000 in HOME funds with a variety of private and public funding sources. Also, in a separate staff report on this Agenda, the Placer County Redevelopment Agency is asked to renew its loan commitment of up to \$1,000,000 in North Lake Tahoe Redevelopment Project Area funds. A fifty-five (55) year affordable housing covenant and related documents will be recorded against the property to secure the \$1,000,000 loan.

ENVIRONMENTAL STATUS:

In January 2005, the Board of Supervisors approved the environmental documents for the Highlands Village development.

FISCAL IMPACT: There will be no impact on the County General Fund. HOME funds are a grant to assist in the construction of the project. Total development cost is estimated at \$12,000,000. The developer will use several different private and public funding sources.

RECOMMENDATION: Adopt a resolution to apply for up to \$4,000,000 in HOME funds for an affordable senior rental housing development near Tahoe City and authorize the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents subject to review by County Counsel.

Attachments: Resolution
Development Letter

cc: Karin Schwab, Deputy County Counsel

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Adopt a resolution to apply for up to \$4,000,000 in 2007 HOME Investment Partnership Funds for an affordable senior rental housing development near Tahoe City and authorize the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents subject to review by County Counsel.

Resol. No:.....

Ord. No:.....

First Reading:.....

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held August 7, 2007, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Board of Supervisors

WHEREAS, County of Placer, a political subdivision of State of California, wishes to apply for, and receive, an allocation of funds through the HOME Investment Partnership Program (HOME); and

WHEREAS, the California Department of Housing and Community Development (Department) is authorized to allocate HOME funds made available from the U.S. Department of Housing and Urban Development (HUD). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations

set forth in Title 24 of the Code of Federal Regulations, part 92, and in title 25 of the California Code of Regulations commencing with section 8200; and

WHEREAS, on June 1, 2007, the Department issued a 2007 Notice of Funding Availability (NOFA) announcing the availability of funds under the HOME program; and

WHEREAS, in response to the 2007 NOFA, Placer County wishes to apply to the Department for an amount not to exceed Four Million Dollars (\$4,000,000), and receive an allocation of, HOME funds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Placer that the County of Placer, in response to the 2007 NOFA, shall submit an application to the Department to participate in the HOME program and for an allocation of funds not to exceed Four Million Dollars (\$4,000,000) for the following activities and / or programs:

To reduce development costs for a portion of a new multi-family senior rental housing complex of approximately 42 units to be constructed near Tahoe City, California which shall have rents affordable to households with income no more than 40% to 60% of Area Median Income. The 42 units are part of an approved development that also contains 50 market-rate units.

BE IT FURTHER RESOLVED by the Board of Supervisors of the County of Placer that if the application is successful, the County of Placer hereby agrees to use the HOME funds for eligible activities in the manner presented in the application as approved by the Department and in accordance with the statutes and regulations cited above. The County of Placer may also execute a standard agreement, any amendments, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the HOME program (collectively, the required documents).

BE IT FURTHER RESOLVED that the Board of Supervisors of the County of Placer, authorizes the Chief Assistant CEO-Redevelopment Director or his designee to execute in the name of the County of Placer, the application, the Standard Agreement, and all other documents required by the Department or HUD for participation in the HOME program, and any amendments thereto subject to County Counsel Review.



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July 9, 2007

Michele Perez
Senior Redevelopment Specialist
Placer County Redevelopment Agency
3091 County Center Dr., Ste 260
Auburn, CA 95603

Re: Highlands Village Senior Housing HOME Application

Dear Michele and Board Members:

Please accept this letter as our request to have the County of Placer sponsor a HOME application in the amount of \$4,000,000.00 on behalf of the proposed 42-unit rental new construction project named "Highlands Village Senior Apartments" in the Dollar Hill area of Placer County. This proposed project will target low-income senior citizens earning up to 60% of the area median income for Placer County. We plan to prepare the HOME application in collaboration with Placer County staff members.

The proposed senior apartment site is located on a 2.51-acre parcel of land situated on the Northeast corner of Village Road and Fabian Way off of North Lake Boulevard. The project will consist of a single two-story building with units designed around an interior corridor. The project will include an elevator, and common amenities will include a computer learning center, an exercise room, and a gathering room with a kitchen and laundry facilities. The units will be spacious and comfortable, and each one will include either a covered patio or a balcony.

Highlands Village Senior Apartments will cost approximately \$11,683,000.00 to develop. The funding will include equity generated through the sale of 4% tax credits; tax-exempt bond financing; a deferred developer fee; donated land; a loan from the County of Placer; and HOME Program funding. We anticipate that \$5,008,000.00 will be generated through the sale of tax credits to investors. Approximately \$975,000.00 will be financed using tax-exempt bonds; the deferred developer fee will total \$800,000.00 and the balance of \$3,900,000.00 to come from the HOME Program loan.

The project team consists of the owners, Dollar Hill Pacific Associates, CLP, and General Partners Roope, LLC and W.R. Spann, LLC, as well as a Managing General Partner to be determined this week.

As you are aware, the timing of the HOME Program allocation process requires that the application be submitted by August 15, 2007. We look forward to your support in preparing the application to the HOME Program to assist in the development of Highlands Village Senior Apartments.

Very truly yours,



Caleb Roope
President / C.E.O