

PLACER COUNTY

COMMUNITY DEVELOPMENT GRANTS AND LOANS

MEMORANDUM

TO: Honorable Members of the Board of Supervisors
FROM: Richard E. Colwell, Chief Assistant CEO–Redevelopment Director *RE Colwell*
James LoBue, Deputy Director
DATE: March 25, 2008
SUBJECT: Adopt a Resolution to Authorize a 2007-2008 Community Development Block Grant General Allocation Application in the Amount of Up to \$500,000 for Housing Rehabilitation in Kings Beach, Tahoe Vista, and Foresthill and Up to \$1,000,000 for Public Improvements in Support of New Construction for the Highlands Village Housing Development Near Tahoe City.

ACTION REQUESTED

Adopt a resolution to authorize a 2007-2008 Community Development Block Grant (CDBG) General Allocation application in the amount of up to \$500,000 for housing rehabilitation in Kings Beach, Tahoe Vista, and Foresthill and up to \$1,000,000 for public improvements in support of new construction for the Highlands Village housing development near Tahoe City.

BACKGROUND

A Notice of Funding Availability was issued on January 22, 2008 by the California Department of Housing and Community Development (HCD). Placer County is eligible to apply to HCD for the CDBG General Allocation Grant. A proposed \$500,000 would assist with housing rehabilitation in Kings Beach, Tahoe Vista, and Foresthill. A proposed \$1,000,000 would assist with public improvements in support of new affordable senior housing construction for Highlands Village (Highlands Village) near Tahoe City.

Placer County has previously allocated CDBG funds for housing rehabilitation loan programs in Kings Beach in 1998, 2000, and 2002. In 2002, Tahoe Vista and Foresthill were added to the program. For the past three years, CDBG Program Income and Redevelopment Housing Set-Aside Funds have been used to continue to provide housing rehabilitation loans for low-income households. The Agency continues to receive applications for housing rehabilitation loans. Available Redevelopment Housing Set-Aside and CDBG Program Income funds are not adequate to cover current rehabilitation loan applications and support other housing programs such as First Time Homebuyer assistance and new affordable housing construction.

In January 2005, your Board approved entitlements for the Highlands Village development. At that point the proposed project consisted of a small-scale commercial development and 128 residential units, of which 50 were market-rate town homes and the remaining units affordable senior multi-family rentals. In December 2006, the Planning Commission approved an option to reduce the

number of senior units from 78 to 42. The developer and property owner proposed the reduction due to limited funding resources and market studies. On February 14, 2008, the Planning Commission extended the expiring use permit.

The 42 senior housing 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.

Financing and development of Highlands Village will be achieved through a public and private partnership. The site is owned by Highlands Village Partnership (Partnership), whose principal is Randall Nahas. The Partnership has entered into an option for the housing portion of the rental site to be purchased by W.R. Spann, LLC. In order to develop the project, W.R. Spann, LLC and Roope, LLC will form a separate, limited partnership, known as Dollar Hill Pacific Associates, LP, with a future, non-profit limited partner. William Spann and Caleb Roope are both principals of Pacific West Communities (PWC) and experienced developers of affordable housing in local mountain communities. PWC recently completed an affordable housing complex in Truckee and has started another. If the County is awarded these CDBG funds, prior to expenditure of the funds, the Agency will return to your Board with a proposed loan agreement with the property owner, secured by a deed of trust.

FISCAL IMPACT

There will be no fiscal impact on the County General Fund. CDBG General Allocation funds are federal funds awarded to the County if the application is approved. Total development cost for the senior housing is estimated at \$12,000,000. The developer will use several different private and public funding sources. In 2007, the Redevelopment Agency adopted a resolution committing \$1,000,000 of North Lake Tahoe Redevelopment Housing Set-Aside funds to the development. The housing rehabilitation program would be funded with this proposed CDBG grant and Redevelopment Agency Housing Set-Aside funds.

ENVIRONMENTAL STATUS

In compliance with the California Environmental Quality Act (CEQA), in January 2005, the County prepared and your Board approved a Mitigated Negative Declaration for the proposed physical improvements and development of Highlands Village. The action of applying for this grant does not trigger the requirements of the National Environmental Policy Act (NEPA), however the future release of funds does. Agency staff has prepared the environmental assessment to comply with NEPA and issued a finding of No Significant Impact. The housing rehabilitation program is exempt under CEQA and NEPA.

RECOMMENDATION

Adopt a resolution to authorize a 2007-2008 CDBG General Allocation application in the amount of up to \$500,000 for housing rehabilitation in Kings Beach, Tahoe Vista, and Foresthill and up to

\$1,000,000 for public improvements in support of new construction for the Highlands Village housing development near Tahoe City.

Attachments: Resolution
Map of Site

cc: Karin Schwab, Deputy County Counsel

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

In the matter of:

Authorizing a 2007-2008 Community Development Block Grant General Allocation Application in the amount of up to \$500,000 for housing rehabilitation in Kings Beach, Tahoe Vista, and Foresthill and up to \$1,000,000 for public improvements in support of new construction for the Highlands Village Housing Development near Tahoe City.

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 _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:
Clerk of the Board

WHEREAS, the County of Placer, a political subdivision of the State of California, wishes to apply for and receive General Allocation Funds made available by the California State Department of Housing and Community Development (HCD); and

WHEREAS, HCD notified eligible Community Development Block Grant (CDBG) jurisdictions of the release of the CDBG General Allocation Notice of Funding Availability (NOFA) on January 22, 2008; and

WHEREAS, public hearings were held on July 30, 2007 and on March 25, 2008 by the Placer County Board of Supervisors to inform and seek input from area residents, property owners, and other interested persons of the scope of the 2007-2008 CDBG funds and General Allocation; and

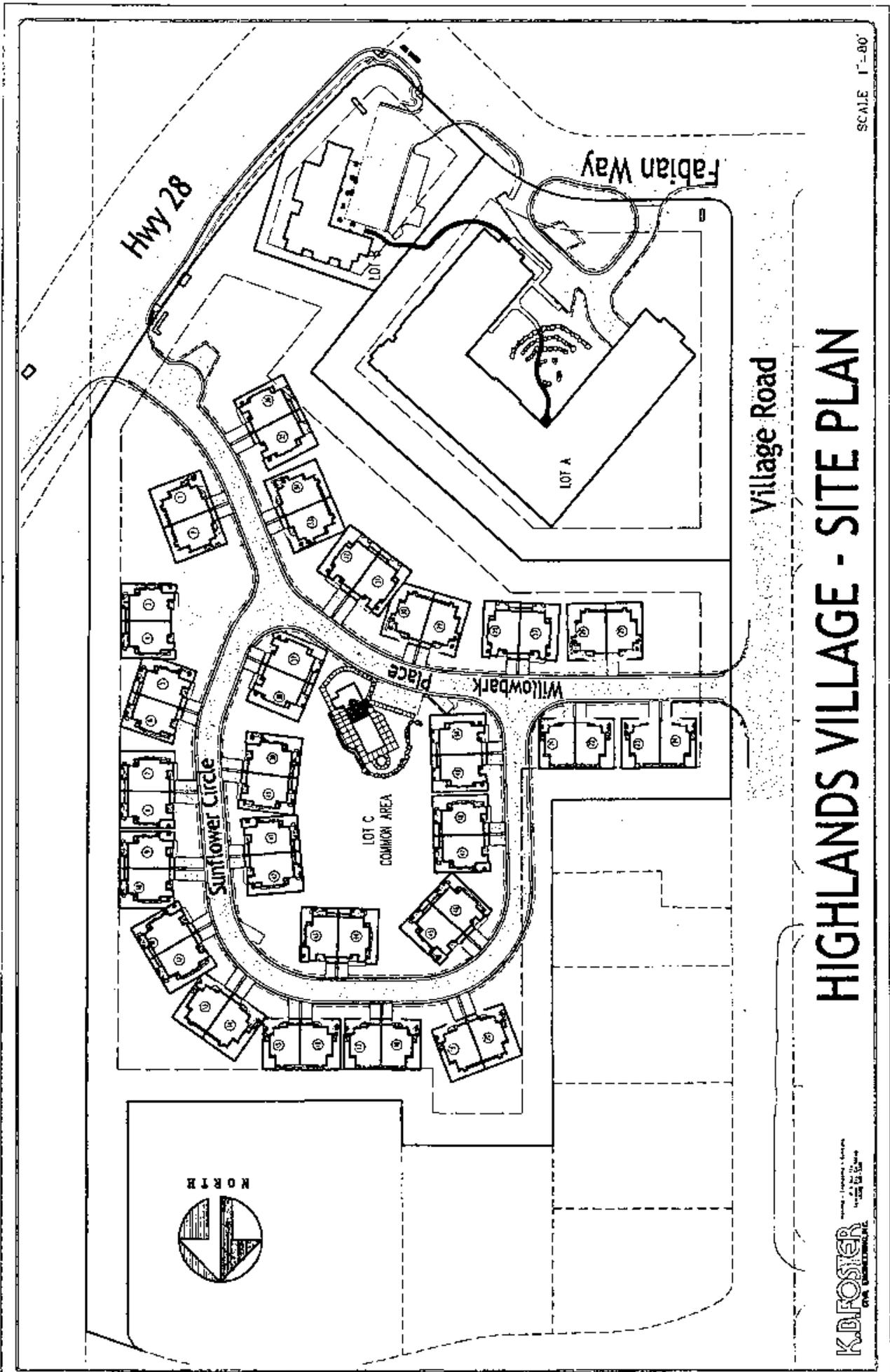
WHEREAS, the County of Placer has prepared an application for CDBG funding of up to \$500,000 for the purpose of Housing Rehabilitation in the Kings Beach, Tahoe Vista, and Foresthill areas; and

WHEREAS, the County of Placer has prepared an application for CDBG funding of up to \$1,000,000 for the purpose of Public Improvements in Support of New Construction to reduce development costs for a portion of a new affordable 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 60% of Area Median Income; and

WHEREAS, the proposed General Allocation Grant application was prepared in compliance with federal statutes and state regulations including those regarding citizen participation and National Environmental Policy Act requirements.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors, County of Placer, approves submission to the State Department of Housing and Community Development, of an application for up to \$1,500,000 in CDBG funds, to be used for Housing Rehabilitation and Public Improvements in Support of New Construction.

BE IT FURTHER RESOLVED, by the Board of Supervisors of the County of Placer, that the Chief Assistant CEO—Redevelopment Director or his designee is hereby authorized and empowered to execute for the County of Placer all necessary application contracts, grant agreements, and amendments thereto with the State of California to implement and carry out the purpose specified for the CDBG application for the above noted General Allocation Grant, including all understandings and assurances contained therein.



HIGHLANDS VILLAGE - SITE PLAN