

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Richard E. Colwell, Chief Assistant CEO-Redevelopment Director *Richard E. Colwell*
James LoBuc, Deputy Director, Redevelopment Agency
DATE: September 9, 2008
SUBJECT: Adopt a Resolution Authorizing Termination of a Loan Agreement with North Auburn Silver Bend, LP in the amount of \$229,057, Authorizing Acceptance of Fee Title to Parcels 054-171-31, 054-171-32, and 054-171-35 thru -38 totaling 6.2 acres and recently appraised for \$1,273,000, and Authorizing the Chief Assistant CEO-Redevelopment Director or Designee to Sign All Related Documents and Adopt a Resolution Adding the Property to The Master Fixed Asset List.

ACTION REQUESTED

Adopt a resolution authorizing termination of a loan agreement with North Auburn Silver Bend, LP in the amount of \$229,057, authorizing acceptance of fee title to parcels 054-171-31, 054-171-32, and 054-171-35 thru -38 totaling 6.2 acres and recently appraised for \$1,273,000, and authorizing the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents and adopt a resolution adding the property to the master fixed asset list.

PROPOSED RESOLUTION

Placer County Redevelopment Agency (Agency), in an effort to promote affordable housing, entered into a risk sharing agreement with Auburn Housing Development Corporation (AHDC) in 2002 to develop three different sites, two in the North Lake Tahoe Project Area and one in the North Auburn Project Area. The North Auburn project (Silverbend) is a 6.2 acre site near Interstate 80 and Foresthill Road. Entitlements for a 72 unit affordable housing development were approved by the Board of Supervisors in 2002. A lawsuit ensued challenging that approval, which was ultimately settled. The settlement agreement allowed AHDC to submit an application for a revised project of up to 72 for sale or rental market-rate housing units. The settlement agreement also prohibited AHDC from applying for a government-subsidized low-income project on the site for a 3 year period. AHDC never filed an application for the revised project and the 3 year period, calculated from the date of execution of the settlement agreement, ended on April 1, 2008. As a result there is no impediment stemming from the settlement agreement to the filing of an application for an affordable housing project on the site. The only remaining requirement of the settlement agreement is a 90 day notice to the group who filed the lawsuit (Residents Against Inconsistent Development) prior to submitting an application for an affordable housing project. The Agency loaned money to AHDC to assist in developing Silverbend and AHDC has defaulted on this loan, in the amount of \$229,057 plus interest costs and expenses. The Agency initiated foreclosure proceedings and the foreclosure sale was scheduled but continued when AHDC indicated an interest in settling this loan default as well as AHDC loan defaults on the other two sites.

The Agency and AHDC have reached an agreement which includes the transfer by AHDC of ownership of the Silverbend property to the Agency in lieu of foreclosure. The Silverbend property has recently been appraised for \$1,273,000. The Silverbend property also has a first note payable to the Elks Lodge of Auburn in the principal amount of \$409,000, which is also in default at this time. While the Agency will initially take title subject to the Elks' note, the Agency plans to pursue payoff of the Elks note. Once this is accomplished, the Agency would have clear title to property that has future affordable residential housing potential for a net cost of \$638,000. This would result in a net value gain to the Agency of approximately \$635,000 on this portion of the transaction.

Related, but in the form of a separate agreement, is the settlement of a lawsuit the Agency filed against AHDC for the two housing projects, Cimmeron Ridge and Tahoe Vista/Cedar Grove, for defaulted loans totaling just over \$400,000. This lawsuit was filed after all attempts at collecting the debt were unsuccessful by the Agency and its collection firm Access Capital. As part of a combined settlement on the Silverbend loan, the Agency would accept \$150,000 cash as settlement for this second lawsuit, provided AHDC conveyed title to the Silverbend property to the Agency.

These two settlements will result in a net positive value gain to the Agency of approximately \$385,000, and ownership of the Silverbend property appraised at \$1,273,000 as well as relieving the Agency from expending more staff time and additional outside attorney litigation fees and costs. In addition, the Agency will own a valuable piece of property that has development potential for affordable housing by a private sector builder in partnership with the Redevelopment Agency or could be sold on the open market for potential future commercial development which would also enhance the project area.

FISCAL IMPACT

This transaction will have no impact on the County General Fund, and all monies necessary to accomplish the transaction and payoff of the first lien are included in the Redevelopment Agency 2008/2009 Budget.

ENVIRONMENTAL STATUS

At this point in time the only action requested by your Board is to accept the Silverbend property. No development is proposed on the site. As a result, the proposed action is considered to be administrative and therefore exempt from environmental review per California Environmental Quality Act (CEQA) Guidelines section 15378(b)(5). At such time as a development project is proposed for the site, full CEQA review will be required as part of the County's application process.

RECOMMENDATION

Adopt a resolution authorizing termination of a loan agreement with North Auburn Silver Bend LP in the amount of \$229,057, authorizing acceptance of fee title to parcels 054-171-31, 054-171-32, and 054-171-35 thru -38 totaling 6.2 acres and recently appraised for \$1,273,000, and authorizing the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents and adopt a resolution adding the property to the master fixed asset list.

Attachments: Resolution
Area Map

Cc: Karin Schwab, Agency Counsel

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

Authorizing termination of a loan agreement with North Auburn Silver Bend, LP, authorizing acceptance of fee title to parcels 054-171-31, 054-171-32, and 054-171-35 through – 38, and authorizing the Chief Assistant CEO-Redevelopment Director or designee to sign all related documents

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Redevelopment Agency Board 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.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Redevelopment Agency of Placer County (Agency) issued three loans and entered into a risk sharing agreement to facilitate the construction of affordable housing projects in the North Lake Tahoe Redevelopment Project Area and the North Auburn Redevelopment Project Area; and

WHEREAS, the Agency is vested with responsibility pursuant to the Community Redevelopment Law (Part I of Division 24 of the Health and Safety Code of the State of California) to implement the Redevelopment Plan in the North Lake Tahoe and North Auburn Project Areas; and

WHEREAS, North Auburn Silver Bend, LP is the owner of that certain real property located in Placer County, California commonly known as 360 North Silver Bend Avenue, Auburn, California, APN's 054-171-31, 054-171-32, and 054-171-35-through-38 (Subject Property); and

WHEREAS, The Agency holds a Deed of Trust encumbering the Subject Property and securing an obligation in the original principal amount of \$229,478 owed by North Auburn Silver Bend, LP to the Agency; and

WHEREAS, North Auburn Silver Bend, LP is in default of its obligations to the Agency, including those obligations secured by the Deed of Trust encumbering the Subject Property; and

WHEREAS, the Agency has initiated trustee's sale proceedings under its Deed of Trust encumbering the Subject Property and the Agency loans have become due and are now in default; and

WHEREAS, the Agency desires to acquire title to the Subject Property subject to a Deed of Trust senior to the Agency's, securing an obligation to Auburn Building Hall Company, Inc., Auburn Elks, and

WHEREAS, North Auburn Silver Bend, LP and its affiliated agencies desire to obtain from the Agency, for itself and for its principals, officers and agents, a release of liability to the Agency and the Agency desires to terminate the loans and current Court Proceedings/Collection Efforts with Auburn Development Housing Corporation in favor of title to real property noted above.

NOW, THEREFORE, BE IT RESOLVED that based on information presented, the Agency Board determines as follows:

1. All of the above recitals are true and correct and incorporated herein as if set forth in full, and the Agency Board has based the findings and actions set forth in this Resolution, in part, on such recitals.
2. The Agency Board approves terminating the loan agreement with Auburn Housing Development Corporation and approves accepting the Subject Property as compensation to closing this loan.
3. North Auburn Silver Bend, LP/ Affordable Housing Development Corporation shall execute a quit-claim deed, in recordable form, to the Agency of the Subject Property. Title to the Subject Property at the date of conveyance to the Agency shall be subject only to the Deed of Trust securing an obligation to Auburn Building Hall Company, Inc.
4. The Agency Board authorizes the Chief Assistant CEO-Redevelopment Director or designee to execute all necessary documents to carry out this termination of the dedication agreement
5. This Resolution shall take immediate effect from and after its passage and approval.

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

Adding real property parcels 054-171-31, 054-171-32, and 054-171-35 through - 38, totaling approximately 6.2 acres and recently appraised for \$1,273,000, to the Redevelopment Agency master fixed asset list

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Redevelopment Agency Board 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.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Redevelopment Agency of Placer County (Agency) issued three loans and entered into a risk sharing agreement to facilitate the construction of affordable housing projects in the North Lake Tahoe Redevelopment Project Area and the North Auburn Redevelopment Project Area; and

WHEREAS, the Agency is vested with responsibility pursuant to the Community Redevelopment Law (Part I of Division 24 of the Health and Safety Code of the State of California) to implement the Redevelopment Plan in the North Lake Tahoe and North Auburn Project Areas; and

WHEREAS, North Auburn Silver Bend, LP is the owner of that certain real property located in Placer County, California commonly known as 360 Silver Bend Avenue, Auburn, California, APN's 054-171-31, 054-171-32, and 054-171-35-through-38 (Subject Property); and

WHEREAS, The Agency holds a Deed of Trust encumbering the Subject Property and securing an obligation in the original principal amount of \$229,478 owed by North Auburn Silver Bend, LP to the Agency; and

WHEREAS, North Auburn Silver Bend, LP is in default of its obligations to the Agency, including those obligations secured by the Deed of Trust encumbering the Subject Property; and

WHEREAS, the Agency has initiated trustee's sale proceedings under its Deed of Trust encumbering the Subject Property and the Agency loans have become due and are now in default; and

WHEREAS, the Agency desires to acquire title to the Subject Property subject to a Deed of Trust senior to the Agency's, securing an obligation to Auburn Building Hall Company, Inc., Auburn Elks; and

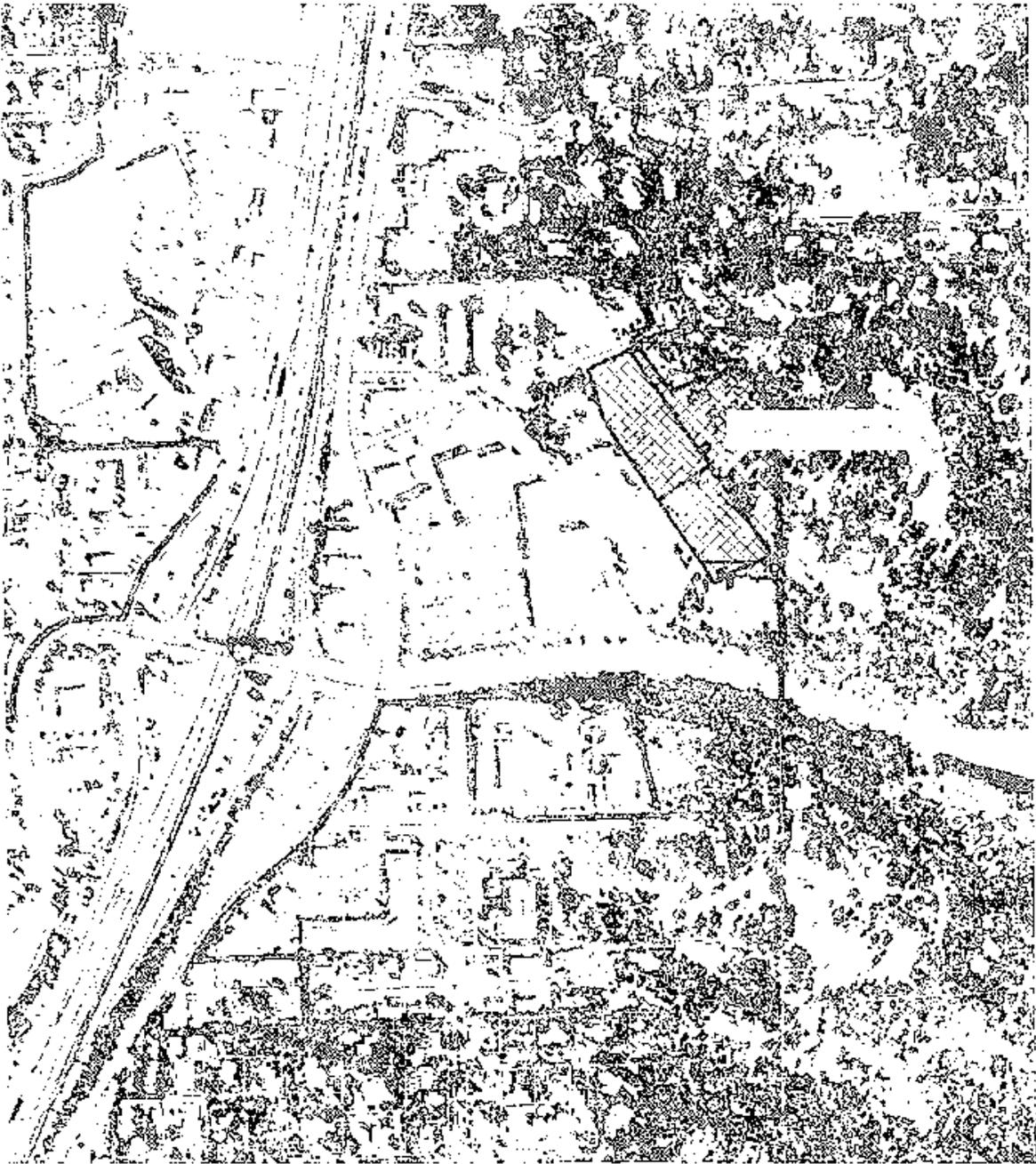
WHEREAS, North Auburn Silver Bend, LP and its affiliated agencies desire to obtain from the Agency, for itself and for its principals, officers and agents, a release of liability to the Agency and the Agency desires to terminate the loans and current Court Proceedings/Collection Efforts with Auburn Development Housing Corporation in favor of title to real property noted above; and

WHEREAS, North Auburn Silver Bend, LP and its affiliated agencies desire to give to the Redevelopment Agency title to the Subject Property and the Redevelopment Agency desires to accept the title to the Subject Property and add it to the Redevelopment Agency master fixed asset list; and

WHEREAS, Subject Property has been recently appraised at a value of \$1,273,000.

NOW, THEREFORE, BE IT RESOLVED that based on information presented, the Agency Board determines as follows:

1. All of the above recitals are true and correct and incorporated herein as if set forth in full, and the Agency Board has based the findings and actions set forth in this Resolution, in part, on such recitals.
2. The Agency is authorized to add the Subject Property to the Redevelopment Agency master fixed asset list.



360 Silver Bend Way
Auburn, CA

