



Health and Human Services Agency

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DEPARTMENT OF HOUSING & COMMUNITY SERVICES

NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: May 19, 2026

TO: Board of Supervisors

FROM: **Tyler Barrington, Director of Housing and Community Services**

SUBJECT: Resolution approving a Loan Agreement from the Western Nevada County Regional Housing Trust Fund in furtherance of the development of the Penn Valley Lone Oak Phase II Senior Apartment Project in the total amount of \$2,306,128 and directing the Auditor-Controller to release fund balance and to amend the Housing and Community Services budget for Fiscal Year 2025/26. (4/5 Affirmative Vote Required)

RECOMMENDATION: Approve the attached Resolutions.

FUNDING: Funds for these loans were approved in 2023 by Resolution No. 23-227 (committing \$1,024,775) and Resolution No. 25-167 committing \$1,281,373) from the Western Nevada County Housing Trust Fund (WNCHTF), a combination of Permanent Local Housing Allocation (PLHA), Local Housing Trust Fund (LHTF), Health and Human Services Agency Intergovernmental Trust (IGT) funds, American Rescue Plan Act (ARPA) and County general funds that were previously authorized for this purpose. There was an anticipated use \$1,281,373 included in the Housing and Community Services FY2025-26 budget. A partial budget amendment is required for FY 2025/26 and is included with this item for the remaining \$1,024,756 (4/5 vote required).

BACKGROUND: Through Resolution Nos. 20-316 and 20-315, the Board of Supervisors authorized formation of the Western Nevada County Regional Housing Trust Fund (WNCRHTF), to allow collaborative funding of affordable housing projects with various local and state matched funding sources, including LHTF and PLHA dollars. Resolution No. 20-317 authorized an application to and execution of the standard agreement for the first LHTF award to the WNCRHTF.

Resolutions Nos. 23-227 and 25-167 approved by the Board on May 23, 2023, and May 13, 2025,

provided gap funding through the WNCRHTF to support the Lone Oak Phase II thirty-one unit affordable senior housing development. Through a competitive Request for Proposals (RFP) process, the Lone Oak Phase II project, proposed by Pacific West Communities, dba Penn Valley Pacific Associates II, A California Limited Partnership was selected as the most qualified applicant/project based on experience and demonstrated ability to deliver an affordable housing project in the required expedited timelines outlined in the RFP. The project will support thirty-one additional units of low-income senior affordable housing through the Lone Oak II project. The regulatory agreement, loan agreement, and deed of trust for this combined loan, is contained within the attached Resolution, for consideration by the Board. These loan documents follow the California Department of Housing and Community Development protocols to meet all funding regulations and are similar to past executed loan documents used for the Cashin's Field and Lone Oak Phase I projects that utilized WNCRHTF dollars and worked with the same development team.

In December 2025, the developers received award of competitive federal 4% low-income housing tax credits through the California Tax Credit Allocation Committee (TCAC). Previous applications had not received a high enough score to receive funding. The County's total loan commitment of \$2,306,128 increased the tax credit application score resulting in award of Tax credit financing. Under the current funding structure, the entire development will be restricted to providing affordable housing throughout the 31-unit development. Tenant income levels will be restricted based on those limits set under the approval of the TCAC application.

This item requires a Resolution approving a loan agreement with Penn Valley Pacific Associates, a California Limited Partnership and accompanying promissory notes governing the use of County affordable housing funds. The loan of County affordable housing funds will be an unsecured "deferred loan" and paid back using residual revenue (net revenue remaining after all other expenses have been paid), with a 3% interest rate and 55-year amortization period commencing upon final certificate of occupancy (the interest rate and amortization period. The loan agreement will be secured by a deed of trust. The draft loan agreement, promissory note and deed of trust are provided as exhibits to the attached Resolution.

The project also has funding through the HOME Program. The HOME funds will be a loan, secured through a deed of trust and promissory note with a 3% interest rate and 55-year amortization period commencing upon final certificate of occupancy. The HOME loan agreement will be brought before the Board in a separate Board item and Resolution.

Further, it is requested that the Health and Human Services Agency Director or designee(s) be authorized to sign the Loan Agreement and/or other documents necessary to complete the loan transaction.

Initiated/Approved by: Tyler Barrington, Director of Housing and Community Services