



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, Housing and Community Services Director

SUBJECT: Resolution approving a Loan Agreement for the Home Investment Partnership Program (HOME) (Loan Agreement Number 23-HOME-16301) in furtherance of the development of the Penn Valley Lone Oak Phase II Senior Apartment Project in the total amount of \$11,041,628 and directing the Auditor-Controller to amend the Housing and Community Services budget for Fiscal Year 2025/26 (4/5 Vote Required) (Federal Subaward)

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Funds for this loan are through a federally funded reimbursement program, the Home Investment Partnership Program (HOME) administered by the State of California (Loan Agreement Number 23-HOME-16301). A budget amendment is required for FY 2025/26 portion and is included with this item (4/5 vote required). FY 2026/27 activity was anticipated and included in the Department's FY 2026/27 budget. No general fund dollars are needed.

BACKGROUND: On March 26, 2024, the Board of Supervisors approved Resolution 24-119, authorizing the submission on the 2022/2023 Home Investment Partnership Program (HOME) application to the State of California Department of Housing and Community Development (HCD) for funding in the amount not to exceed \$12,200,000. The grant application was specific to the Lone Oak Phase II Senior Apartments, a 31-unit affordable senior housing project located at 10528 Broken Oak Court, Penn Valley, as a second phase to the previously constructed Lone Oak Phase I project. On March 12, 2025, the County received a commitment letter from HCD outlining that the HOME program committed \$6,844,189 to the project. Later, on June 4, 2025, the County received a revised "supplemental" commitment letter from the HOME Investment Partnerships Program, that increased the projects HOME Loan commitment by a total of \$4,030,811 (which includes \$75,000 for Project Related Soft Costs and \$125,00 for General Administration funds), bringing the revised overall award to \$10,875,000. Finally, on November 18, 2025, the County received an "Amended Commitment Letter" from the HOME Program,

because of the developer forgoing their CDBG-DR award of \$366,628 with HCD, allowing these funds to be replaced with an additional HOME award. As a result, the total HOME Program award was increased from \$10,875,000 to \$11,241,628. A Standard Agreement (Agreement Number 23-HOME-16301) was executed by the County with HCD in March of 2026, with a final maximum amount of HOME Loan funds at \$11,241,628 (Rental New Construction Project: \$11,041,628; State Recipient Administration: \$125,000; and Project-Related Soft Costs: \$75,000).

In December 2025, the developer 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 through the Western Nevada County Regional Housing Trust Fund, as well as the increased HOME Program loan award, 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 for HOME Program funds with Penn Valley Pacific Associates, a California Limited Partnership and accompanying senior regulatory agreement, replacement reserve agreement, promissory note and deed of trust governing the use of County affordable housing funds. The loan HOME program funds will be a "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 HOME loan funding will be provided to the developer through cost reimbursement until the finalization of the project. The loan agreement will be secured by a deed of trust. The draft loan agreement, senior regulatory agreement, junior regulatory agreement, replacement reserve agreement, promissory note and deed of trust are provided as exhibits to the attached Resolution.

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

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