



RESOLUTION No. _____

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION APPROVING COMMITMENT TO AN AGREEMENT WITH THE REGIONAL HOUSING AUTHORITY TO PROVIDE A DEFERRED LOAN TO THE PENN VALLEY LONE OAK SENIOR APARTMENT PROJECT IN THE AMOUNT OF \$898,000, AND RESCINDING RESOLUTION 18-611

WHEREAS, the Regional Housing Authority (RHA) and Penn Valley Pacific Associates, LP are co-developers for the proposed Lone Oak Senior Apartment project, a thirty-one unit senior affordable housing project located in Penn Valley, CA; and

WHEREAS, the Board of Supervisors has as a 2018 Board Objective A priority to “Leverage County resources to expand opportunities to address housing affordability issues for all target populations in Nevada County through partnerships with other jurisdictions, potential developers and the housing authority”; and

WHEREAS, the Federal Low-Income Tax Credit program was established by the Tax Reform Act of 1986 to encourage the construction and rehabilitation of low income rental housing, and the California Tax Credit Allocation Committee (CTCAC) is responsible for allocating tax credits to owners of qualifying residential rental housing projects; and

WHEREAS, CTCAC encourages local government agencies to provide financial assistance to aid in the development and construction of low income rental housing, and it is expected that the loan commitment from the County of Nevada will provide the public leverage needed to be more competitive for a tax credit allocation; and

WHEREAS, the proposed units will satisfy State requirement to provide affordable housing and that the subject project will credit the State requirements as defined by the California Housing and Community Development Department (HCD); and

WHEREAS, the County of Nevada was previously approached by the RHA with a request to provide a loan from funds earmarked for affordable housing to the Lone Oak Senior Apartments project in the amount of \$398,000 and the Board of Supervisors approved the loan on December 11, 2018, per Resolution 18-611; and

WHEREAS, RHA applied for tax credits in the March 2018 and March 2019 rounds and was unsuccessful due to other competitive projects scoring higher to receive the limited tax credit dollars, and RHA has determined that to be competitive they will need an additional \$500,000 in loan commitments from the County’s General Fund for a total of \$898,000; and

WHEREAS, the County of Nevada Housing and Community Services has \$398,000 of funding available for this loan including affordable housing in-lieu fees (\$331,000 as identified in Resolution 17-539) and other housing-related funding, and intends to commit the proceeds from the forthcoming sale of South-County property that has been earmarked for affordable housing toward repayment of the County’s General Fund for the additional \$500,000 loan commitment; and

WHEREAS, if the Developer receives an award of Federal tax credits from CTCAC and all other necessary financing to make the project feasible in the 2019 funding round, then a loan agreement will be brought before the Board of Supervisors for approval, with the following terms: the term of the loan shall be fifty-five (55) years; the interest rate shall be 3%; the loan shall be paid from residual cash flow from the project, which shall be secured by a deed of trust and promissory note.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Supervisors of the County of Nevada rescinds Resolution 18-611 and authorizes the County Executive Officer to sign a letter of commitment for a Deferred Loan Agreement in the amount of \$898,000.