



## **RESOLUTION NO. \_\_\_\_\_**

### **OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA**

#### **A RESOLUTION APPROVING THE MODIFICATION OF TERMS OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROMISSORY NOTE BETWEEN NEVADA COUNTY HOUSING DEVELOPMENT CORPORATION AND THE COUNTY OF NEVADA RELATED TO THE 42 UNIT AFFORDABLE HOUSING RENTAL COMPLEX LOCATED AT 10533 BROKEN OAK COURT, PENN VALLEY, CA 95946**

WHEREAS, on December 2, 1997, Nevada County agreed to lend \$195,000 in Community Development Block Grant (CDBG) Program Income funds to the Nevada County Housing Development Corporation (NCHDC), a local non-profit, to purchase property at 10533 Broken Oak Court, Penn Valley, CA 95946, in furtherance of an affordable housing rental complex ("Project") located at 10533 Broken Oak Court, Penn Valley, CA; and

WHEREAS, the \$195,000 loan of CDBG funding to NCHDC is secured by a Promissory Note between the County and NCHDC; and

WHEREAS, in addition to CDBG funding, completion of the Project was made possible through the use of tax exempt bond financing, and equity raised from the syndication of Low Income Housing Tax Credits (LIHTC) which has reached the end of the initial tax credit compliance period; and

WHEREAS, the preservation of the low-income affordability restrictions tied to the Project are greatly dependent upon the restructuring of the financing of the Project and re-syndication of the LIHTC; and

WHEREAS, in furtherance of the Project providing continued affordable housing within the County, an acquisition and rehabilitation proposal has been submitted to the current Project in which ownership would be transferred to Penn Valley 2, LP; and

WHEREAS, NCHDC has requested a modification the terms of the Promissory Note, in which the maturity date would be extended to December 31, 2039, and allow for continued forgiveness of the loan indebtedness upon the date of maturity so long as the housing units remain qualified as low-income housing under CDBG guidelines; and

WHEREAS, with approval of the proposed modification to the Promissory Note, NCHDC will remain obligated under the terms and conditions of the County's CDBG loan, and the new Project owner will sign an acknowledgement that the Project shall remain encumbered by the County's Deed of Trust and agree to comply with the terms of the County's CDBG loan and regulatory agreement relating to operating the project for affordable housing; and

WHEREAS, the request to extend the terms of the CDBG Promissory Note has been reviewed and is supported by the Nevada County HCS Loan Committee.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Supervisors of the County of Nevada, State of California, that the modification of the Promissory Note between Nevada County and NCHDC, is approved in substantially the same form attached hereto.

BE IT FURTHER RESOLVED that the Director of Nevada County Housing and Community Services or his designee is hereby authorized to execute the Modification to the Promissory Note and other required documentation in furtherance thereof on behalf of Nevada County.