



COUNTY OF NEVADA COUNTY EXECUTIVE OFFICE

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: December 11, 2018

TO: Board of Supervisors

FROM: Martin Polt, Deputy County Executive Officer

SUBJECT: 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 \$398,000

RECOMMENDATION: Approve the attached resolution.

FUNDING: No Immediate funding impact. When loan is approved in the Spring/Fall of 2019, funding will impact the Housing and Community Development budget in the amount of \$398,000 including affordable housing in-lieu fees (\$331,000 from property sales identified in Board Resolution 17-539) and other housing related funding. The loan is expected to occur in the Spring/Fall of 2019 and is conditioned upon the developer receiving an award of Federal tax credits from the California Tax Credit Allocation Committee (TCAC). No additional General Fund dollars are expected.

BACKGROUND: This item relates to the 2018 Board Objectives A Priority, "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". The Lone Oak Senior Apartments are proposed to be located on approximately 2 acres of land in Penn Valley, CA. The project is for 31 new units of affordable senior housing, including 24 one-bedroom, and 7 two-bedroom units. The project will house low-income seniors earning between 30-60% of the area median income for Nevada County. Construction is estimated at 12 months, starting in October 2019 and ending in October 2020.

The project is being co-developed with the Regional Housing Authority (RHA) as managing general partner and Penn Valley Pacific Associates, LP as limited partner. Penn Valley Pacific Associates, LP. The project will be managed by an independent third party property management company.

In March of 2018, the developers applied in the competitive round for federal 9% low income housing tax credits through the California Tax Credit Allocation Committee (TCAC) which would have funded a majority of the project and which are required to make the project financially viable. The project did not receive a high enough score and did not receive the needed tax credits. For the next round of TCAC allocations (March, 2019), the developers have requested that the County loan the developers public funds for the project in the amount of \$398,000. TCAC 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 from the County of Nevada will provide the public leverage needed to be more competitive for a tax credit allocation.

This item is for a resolution to authorize the County Executive Officer to sign a letter of commitment for a loan. If the developer receives an award of Federal tax credits from TCAC 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.

The loan would be a “deferred loan” which would be 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 (the interest rate and amortization period are determined by the LIHTC rules), secured by a deed of trust and promissory note.

The loan would be from affordable housing in-lieu fees that have been deposited into the Housing and Community Development fund and other housing related funding.

Item Initiated by and Approved by: Martin Polt, Deputy County Executive Officer

Submittal Date: November 26, 2018