

CONTRA COSTA COUNTY

AFFORDABLE HOUSING FINANCE COMMITTEE MEETING

Tuesday, December 5, 2023
Zoning Administrator Hearing Room
30 Muir Road
Martinez, CA 94553
9:00 A.M.

The Affordable Housing Finance Committee meeting will be accessible in person, via telephone, and via Zoom to all members of the public. <https://cccouny-us.zoom.us/j/85966318266>

Meeting ID: 859 6631 8266

Or Telephone:

USA 214 765 0478 US Toll

USA 888 278 0254 US Toll free

Conference code: 198675

Persons who wish to address the Committee during public comment or with respect to an item on the agenda may comment in person, via Zoom, or via call-in. Those participating in person should come to the podium when called upon. Those participating via Zoom should indicate they wish to speak by using the “raise your hand” feature in the Zoom app. Those calling in should indicate they wish to speak by dialing #2. Public comments may also be submitted before the meeting by email at DCD.Housing@dcd.cccounty.us or by voicemail at (925) 655-2889.

1. Call to Order/Roll Call
2. Public Comment – for any topic not on the agenda (2 minutes/speaker)
3. Discussion Items:
 - A. **CONSIDER** staff’s recommendation to recapture/rescind previously awarded HOME Investment Partnerships Program (HOME) funds from the following projects and reprogram HOME funds to potential projects in 2024.
 - i. FY 2021/22 HOME allocation of \$3,236,000 to the Choice in Aging Senior Housing project in Pleasant Hill.
 - ii. FY 2021/22 HOME allocation of \$2,650,000 to the Legacy Court project in Richmond.
 - B. **CONSIDER** staff’s recommendation to modify the contingency deadlines and use of funds for previously funded affordable housing projects for the following:
 - i. FY 2022/23 PLHA allocation of \$1,000,000 to the Choice in Aging Senior Housing project in Pleasant Hill.
 - ii. FY 2022/23 PLHA allocation of \$1,000,000 and FY 2023/24 Measure X allocation of \$1,421,000 to the Legacy Court project in Richmond.
4. Adjournment

Any disclosable public records related to an open session item on a regular AHFC meeting agenda and distributed by the Department of Conservation and Development to a majority of the members of the Affordable Housing Finance Committee less than 96 hours prior to that meeting are available by request at DCD.Housing@dcd.cccounty.us.

Note: If you are a person with a disability and require information or materials in an appropriate alternative format or if you require any other accommodation or language assistance to attend and participate in the AHFC meeting, please provide 48-hour notice by calling (925) 655-2708 or emailing at dcd.housing@dcd.cccounty.us. Hearing impaired individuals may call the California Relay Service at (800) 735-2929 or TDD (925) 779-7081 for assistance.



CONTRA COSTA COUNTY
DEPARTMENT OF CONSERVATION & DEVELOPMENT
30 Muir Road
Martinez, CA 94553

TO: Affordable Housing Finance Committee
FROM: Kristin Sherk, Affordable Housing Program Manager
DATE: December 5, 2023
SUBJECT: APPROVE Recapture/Rescind HOME Funds and Modifications to Contingencies for PLHA and Measure X Funds for Choice in Aging Senior Housing in Pleasant Hill and Legacy Court in Richmond

RECOMMENDATION:

- 1) APPROVE recapture/rescind of FY 2021/22 HOME Investments Partnerships Program (HOME) funding recommendations of \$3,236,000 made to the Choice in Aging Senior Housing project in Pleasant Hill, developed by Satellite Affordable Housing Associates.
- 2) APPROVE recapture/rescind of FY 2021/22 HOME funding recommendations of \$2,650,000 made to the Legacy Court project in Richmond, developed by Community Housing Development Corporation of North Richmond (CHDC) and Eden Housing (Eden).
- 3) APPROVE allocation and reprogramming of the recaptured HOME funds to other projects that are capable of expending the HOME funds by the federal deadline.
- 4) Approve modification to the contingency deadline and use of FY 2022/23 Permanent Local Housing Allocation (PLHA) funding for the Choice in Aging Senior Housing project in Pleasant Hill.
- 5) APPROVE extension requests/modifications to contingencies for FY 2022/23 PLHA and Measure X funding for the Legacy Court project in Richmond.

BACKGROUND:

The HOME program's federal regulations require that annual HOME grants to localities are committed within two years, construction begins within three years, and HOME funds are fully expended within five years. Therefore, timeliness is a critical consideration for an award of HOME funds. HOME Federal Regulations include a definition of commitment (24 CFR 92.2):

“Commitment means: (1) The participating jurisdiction has executed a legally binding written agreement (that includes the date of the signature of each person signing the agreement) with a ... contractor to use a specific amount of HOME funds to produce affordable housing ... (2) Commit to a specific local project means: (i) If the project consists of construction ... the participating jurisdiction ... and project owner have executed a written legally binding agreement under which HOME assistance will be provided to the owner for an identifiable project *for which all necessary financing has been secured*, a budget and schedule have been

established, and underwriting has been completed and under which construction is scheduled to start within 12 months of the agreement date...”

The 2021 project contingency recommendations were prepared to align with the above requirements. During the COVID-19 pandemic, HUD waived the 24-month commitment deadline through December 31, 2023, for all funds allocated from FY 2018 through FY 2022. While the commitment deadline has been waived by HUD, the construction start date requirement has not been waived. FY 2021 HOME-funded projects are required to be able to start construction by August 2024. If a project does not move forward as anticipated, County staff needs time to recapture/rescind the award of HOME funds, reallocate HOME funds, and enter into written binding agreements quickly.

Staff recommends recapturing the HOME funds previously awarded to the Choice in Aging Senior Housing and Legacy Court projects and reprogramming the funds to potential projects that will be able to start construction in 2024. The 2024/25 annual Request for Proposals/Notice of Funding Availability applications are currently open and due December 18, 2023. Staff recommends reprogramming the HOME funds to be available as part of this application process and will consider applications received for an award of these reprogrammed HOME funds.

Any future housing development projects recommended for an award of these reprogrammed HOME funds would be considered by the Affordable Housing Finance Committee (AHFC) at a future meeting in 2024. Any recommendations made by the AHFC will be considered for approval by the Board of Supervisors at a to-be-determined date in 2024 as part of the HUD Required Substantial Amendment process.

Choice in Aging Senior Housing

On April 8, 2021, the AHFC approved an allocation of \$3,236,000 in HOME funds for the Choice in Aging Senior Housing project, an 82-unit affordable new construction senior rental project in the City of Pleasant Hill. The allocation had two contingencies:

- 1) All other financing commitments secured by Dec. 31, 2022, and FY 2021/22 HOME funds committed, as evidenced by an executed loan, by June 30, 2023.
- 2) Confirmation that the project’s financials are compliant with the County’s Affordable Housing Program Guidelines.

On April 21, 2022, the AHFC approved an allocation of \$1,000,000 in FY 2022/23 PLHA funds for Choice in Aging Senior Housing. The allocation had two contingencies:

- 1) PLHA funds committed, as evidenced by an executed loan by August 31, 2024.
- 2) Confirmation that the project’s financials are compliant with the County’s Affordable Housing Program Guidelines.

On April 21, 2023, the AHFC approved modifications to the FY 2021/2022 HOME allocation contingencies. The modified contingencies are as follows:

- 1) All other financing commitments, including an award of either tax credits or tax credits/tax-exempt bonds, secured by December 31, 2023
- 2) The HOME funds committed, as evidenced by an executed loan, by June 30, 2024.

- 3) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

Unfortunately, Satellite Affordable Housing Associates (SAHA) has not been successful in securing additional financing commitments and will not be able to by December 31, 2023, and therefore cannot execute HOME legally binding written agreements and begin construction in a timely manner. The HOME funds awarded to SAHA for Choice in Aging Senior Housing are at risk of recapture by the U.S. Department of Housing and Urban Development if the County does not transfer the funds to another viable project that can begin construction in 2024.

SAHA is continuing to apply for funding from different sources and intends to apply for tax credits in May 2024 and begin construction in February 2025. The PLHA award for this project was for construction activities. Due to expenditure deadlines mandated by the State, the PLHA contingencies will require executed documents before April 30, 2024. As such, SAHA has proposed to change their use of the PLHA funds from construction activity costs to predevelopment activity costs and staff is recommending approval of this change in funding use to predevelopment activities.

New PLHA contingencies:

- 1) PLHA funds committed, as evidenced by an executed loan before April 30, 2024.
- 2) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

Legacy Court

On April 8, 2021, the AHFC approved an allocation of \$2,650,000 in HOME funds for Legacy Court, a 43-unit affordable new construction rental project in the City of Richmond. The allocation had two contingencies:

- 1) All other financing commitments secured by Dec. 31, 2022, and FY 2021/22 HOME funds committed, as evidenced by an executed loan, by June 30, 2023.
- 2) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

On April 21, 2022, the AHFC approved an allocation of \$1,000,000 in FY 2022/23 PLHA funds for Legacy Court. The allocation had two contingencies:

- 1) All other financing commitments secured by December 31, 2023, and FY 2022/23 PLHA funds committed, as evidenced by an executed loan, by August 31, 2024.
- 2) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

On April 21, 2023, the AHFC approved an allocation of \$1,421,000 in Measure X funds for Legacy Court with the following contingencies:

- 1) All other finance committed by December 31, 2023.
- 2) Measure X funds committed, as evidenced by an executed loan, by June 30, 2024.

On April 21, 2023, the AHFC approved modifications to the FY 2021/22 HOME contingencies to extend the contingencies as follows:

- 1) All other financing commitments, including an award of either tax credits or tax credits/tax-exempt bonds, secured by December 31, 2023.
- 2) The HOME funds committed, as evidenced by an executed loan, by June 30, 2024.
- 3) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

Unfortunately, CHDC and Eden have not been successful in securing enough other financing commitments and will not be able to by December 31, 2023, and therefore cannot execute HOME legally binding written agreements in a timely manner. The HOME funds awarded to CHDC and Eden for Legacy Court are at risk of recapture by the U.S. Department of Housing and Urban Development if the County does not transfer the funds to another viable project that can begin construction in 2024.

CHDC and Eden have requested a modification to the project's Measure X funding contingencies as they seek additional financing for construction and requested an extension to the deadline to execute the construction loan documents. Staff is recommending an extension of the project's Measure X contingencies to align with the existing contingency deadlines of the project's HOME-ARP funding allocation, which are December 31, 2024, for all financials committed and June 30, 2025, for executed loan documents. Due to expenditure deadlines mandated by the State, the PLHA contingencies will require executed documents before April 30, 2024.

CHDC and Eden will apply for tax credits in the Spring of 2024 and anticipate a construction start date of January 2025.

New Measure X Contingencies:

- 1) All other financing commitments secured by December 31, 2024, and Measure X funds committed, as evidenced by an executed loan by June 30, 2025.
- 2) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.

New PLHA Contingencies:

- 1) PLHA funds committed, as evidenced by an executed loan before April 30, 2024.
- 2) Confirmation that the project's financials are compliant with the County's Affordable Housing Program Guidelines.