

March 25, 2021

Lake County Executive's Office
County of Lake
255 N Forbes Street
Lakeport, CA 95453

RE: 6835 Collier Avenue Project

Dear Lake County Board of Supervisors,

Thank you for your continued partnership with RCHDC to serve the affordable housing needs of Lake County's most vulnerable residents. In order to continue moving the Collier Avenue project forward we'd like to propose a restructuring of the project to ensure Collier Avenue is successful and is a valuable asset to the County.

RCHDC began development of the 6835 Collier Avenue project in Nice, CA ("Collier Ave") in 2004 with Redevelopment Agency Funds for predevelopment which were structured as a forgivable loan with an affordable housing covenant recorded against the property on March 2005. Since that time, RCHDC has worked collaboratively with the Redevelopment Agency to structure a financially feasible Affordable Housing community. The project incurred several hurdles during the predevelopment stage, most notably a failed funding application and subsequently the dissolution of the Redevelopment Agency at the State level. At the time of dissolution, Lake County had committed 1.2 million dollars to the Collier Ave project, however, RCHDC had only drawn down roughly \$600,000. These funds were used to pay predevelopment expenses such as architectural and engineering work. The remaining \$600,000 in funds were disencumbered back to the State.

The dissolution of Redevelopment Agencies stopped all draws on the remaining RDA funds. The previous iteration of Collier Ave never came to fruition, and the project met an abrupt halt. As it currently stands, this infeasible Collier Ave project is indebted to the Successor Redevelopment Agency for the funds.

RCHDC has been working with the County's Executive Office for several years now to resolve the issues surrounding this property with the intent of making it a viable affordable housing community.

In June 2020, RCHDC responded to an RFP issued by Lake County Behavioral Health for their State allocation of No Place Like Home Funds (NPLH). RCHDC was awarded these funds through the RFP process. It is our intent to leverage these funds and submit an application to the State for its competitive allocation of No Place Like Home Funds. RCHDC has successfully procured 3 allocations in the last round of No Place Like Home competitive program funding for Mendocino, Humboldt and Tehama County. Each of these projects will be closing and starting construction by April 2021.

It is important to note that the No Place Like Home Program is in its final round of funding. The application for competitive funds is anticipated to be due January 2022. It is critical to the success of this project to resolve the current 1.2-million-dollar lien of RDA funds on the property.

RCHDC, which owns the Collier Ave site, is committed to the restructuring and development of the project. This project is highly competitive for funding and we believe the time is right to revive the Collier Ave project. The new project will bring 40 units of affordable housing to Lake County, which has become increasingly important due to the most recent natural disasters and wildfire devastation that have hit the County. RCHDC has been working closely with funding partners to assemble a new financing plan including (i) Affordable Housing Program funds of, (ii) Special Needs Housing Program Funds, (iii) No Place Like Home Funds, v (iv) Redwood Coast Regional Center Funds, (v) Low Income Housing Tax Credits. We are confident this project can be a success with these new funding sources.

In order to proceed with the project, RCHDC is making the following request from the County:

- (i) Forgiveness of the existing RDA debt tied to the Collier Ave project. As a condition of the forgiveness, RCHDC shall provide to the County all Work Product that has been procured through the use of the previously granted RDA funds.

Forgiveness of the existing Agency loan is critical to the revival of the Collier Ave. project. Current available funding sources for leverage are well situated to be utilized on this project. This proposal will create a new permanent supportive housing development that will proceed forward in a very similar manner as our most recently funded projects.

We understand that if we are unable to restructure the debt, the property will remain vacant and be undevelopable with the current indebtedness.

RCHDC is confident that the proposed restructuring of this project as requested will result in the best possible outcome for all parties and through our partnership we can procure sufficient funding to move the Collier Ave project forward. The NPLH funds will be leveraged with roughly \$11 million in additional new funding, and the new project will be expected to assemble the remainder of its financing in 2022 with a projected start date for construction in March of 2023.

Please let me know if you have any questions or concerns. We look forward to our continued partnership, and getting started on the new iteration of the Collier Ave Project.

Sincerely,



Ryan LaRue
Director of Development
Rural Communities Housing Development Corporation(RCHDC)

CC: Brad McDonald – RCHDC CEO

CC: RCHDC Board of Directors