



Legislation Text

File #: 21-212, Version: 1

Memorandum

Date: April 6, 2021
To: Board of Directors, Lake County Housing Commission
From: Carol J. Huchingson, County Administrative Officer

Subject: (Sitting as the Lake County Housing Commission, Board of Directors) Consider Request from the Rural Communities Housing Development Corporation to Divest Security and Previous Development Interest in Real Property in Consideration of a New Agreement to Develop Affordable Housing at 6853 Collier Avenue, Nice, California (APN: 031-053-220-000).

Executive Summary: (include fiscal and staffing impact narrative): Rural Communities Housing Development Corporation (RCHCD) purchased 3.33 acres of vacant land located at 6853 Collier Avenue, Nice, California. In 2005, the Lake County Redevelopment Agency (RDA) entered into an Owner Participation Agreement (OPA) with RCHCD to develop a 50 unit affordable housing project. Subsequently, the RDA issued two “forgivable” notes to RCHDC for a total amount not to exceed \$1,248,000 to help fund this affordable housing project.

After the dissolution of all Authorities in California in 2012 and the subsequent termination of reimbursable payments to RCHDC, this project stalled due to RCHDC’s inability to obtain additional funding due to the existing liens including the deferred and “forgivable” loans on the property held by the Lake County Housing Authority.

RCHDC “Forgivable” Loan	March 7, 2005	\$250,000
RCHDC “Forgivable” Loan	June 2, 2009	<u>\$998,000</u>
Total Loans		\$1,248,000

Loan Note Amount Disbursed to RCHDC before Termination	<u>\$626,872</u>
Loan Note Amount Not Disbursed to RCHDC	\$621,128

Rural Communities Housing Development Corporation (RCHDC) utilized \$626,872 of the loan amounts for predevelopment costs such as water impact fees, special district mitigation fees, performance bond deposit, storm water study, fish and game fee, FEMA/CLOMR mitigation fee, architecture and engineering expenses, plan fees, CEQA fees, legal and administrative expenses, land financing fees, and property taxes and insurance, prior to the termination of RDA funds. The

total lien on the property equals \$1,248,000 which far exceeds the assessed value by the County of Lake's Assessor's Office of \$318,634. RCHCD has attempted and has failed to obtain additional funding because of the existing liens.

RCHDC proposes that Lake County Housing Commission consider taking the necessary steps to divest its security and pre-existing development interest in the real property located at 6853 Collier Avenue, Nice, California in consideration of a new Agreement to Development Affordable Housing at that site with a commitment to not pursue any future funding from the County of Lake General Fund.

These steps would include developing and approving a new Agreement to Develop Affordable Housing located at 6853 Collier Avenue, Nice CA that will replace the Owner Participation Agreement and Affordable Housing Covenant and for that consideration execute the necessary instruments needed to forgive the aforementioned "Forgivable" loans and re-convey the estate and interest to the RCHCD.

If not budgeted, fill in the blanks below only:

Estimated Cost: _____ Amount Budgeted: _____ Additional Requested: _____ Future Annual Cost: _____

Consistency with Vision 2028 and/or Fiscal Crisis Management Plan (check all that apply):

- | | | | |
|---|--|---|--|
| <input checked="" type="checkbox"/> Well-being of Residents | <input type="checkbox"/> Public Safety | <input type="checkbox"/> Infrastructure | <input type="checkbox"/> Not applicable |
| <input checked="" type="checkbox"/> Economic Development | <input type="checkbox"/> Disaster Recovery | <input type="checkbox"/> County Workforce | <input type="checkbox"/> Technology Upgrades |
| <input type="checkbox"/> Community Collaboration | <input type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake | <input type="checkbox"/> Revenue Generation |
| | | | <input type="checkbox"/> Cost Savings |

If request for exemption from competitive bid in accordance with County Code Chapter 2 Sec. 2-38, fill in blanks below:

Which exemption is being requested?
How long has Agreement been in place?
When was purchase last rebid?
Reason for request to waive bid?

Recommended Action: Authorize the County Administrative Officer or designee to draft a new Agreement for the Lake County Housing Commission to development Affordable Housing at 6853 Collier Avenue, Nice, California and the associated legal instruments required to divest Lake County's security interest and pre-existing development restrictions of said real property.