



Meeting Date: 3/14/06

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Ernest Whitaker *EW* Agenda Item No. N-2
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other CDC *[Signature]*

DATE: March 3, 2006

TO: City Council
Community Development Commission

FROM: Sal Gonzalez, Housing Director
Curtis Cannon, Community Development Director *[Signature]*

SUBJECT: Loan of \$400,000 to Cabrillo Economic Development Corporation (CEDC) for Villa César Chávez, Located at 381 East Hueneme Road

RECOMMENDATION

That City Council:

1. Approve a loan for Villa César Chávez evidenced by a Promissory Note in the amount of \$400,000, secured by a Deed of Trust.
2. Approve the expenditure of HOME Community Housing Development Organization (CHDO) funds in the amount of \$200,000 for Villa César Chávez.
3. Approve and authorize the Mayor to execute a Release and Termination of Regulatory Agreement to terminate a Regulatory Agreement of June 13, 2000 and the encumbrance of \$286,000.
4. Approve an Amendment to a Promissory Note dated April 15, 2003, modifying the definition of "Net Cash Flow".

That the Community Development Commission:

1. Approve the expenditure of \$200,000 from the HOME Match account to contribute to the \$400,000 loan.

DISCUSSION

A request has been received from CEDC for financial assistance in alleviating unanticipated construction cost increases for Villa César Chávez.

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CEDC ran into significant increases in construction costs after completing their financing of the project and moving into the construction phase. Two principal factors contributed to the increased costs of over \$849,000: 1) the existence of ground and surface water on the site, and 2) dramatic increases in the cost of construction materials. Material cost increases of 60% for lumber, steel, and concrete, and water related issues led to the dramatic increases.

The City and the Community Development Commission (CDC) have been requested to contribute \$400,000 toward the increased costs. The remaining \$449,000 will be absorbed by CEDC. The additional \$400,000 contribution will bring the total City/CDC contribution for the project to \$1,060,000. This amount is within the funding range per unit for other affordable apartment projects within the past five years (Attachment No. 1).

CEDC has also requested that the definition of "net cash flow" in its existing \$460,000 note be modified and amended and that a superceded regulatory agreement encumbering the property be released. The modification of "net cash flow" would enable CEDC to draw down its developer fee within the prescribed time frame.

An Amendment to Promissory Note provides a new definition of Net Cash Flow which relates to the repayment of the City/CDC loans (Attachment No. 2).

A Release and termination of Regulatory Agreement removes from the record a regulatory agreement which was restated and rerecorded October 12, 2002 (Attachment No. 3).

The Promissory Note and Deed of Trust relate to the new \$400,000 City/CDC loans (Attachment No. 4).

Approval of these documents will enable CEDC to close all its financing by March 31, 2006.

FINANCIAL IMPACT

The City's and CDC's combined contribution of \$400,000 will come from several different accounts:

CDC

HOME Matching Account (Project 009982) (441-9982-827-83-63)	\$200,000
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City of Oxnard

CHDO Development Account FY '03 (Project 775124) (295-5162-804-86-02)	\$43,245
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CHDO Development Account FY '04 (Project 775125) (295-5162-804-86-01)	\$156,755
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There are sufficient funds in each of these projects to fund this request.

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(EW/hh)

- Attachment #1 - Publicly Funded Affordable Housing Projects
#2 - Amendment to Promissory Note
#3 - Release and Termination of Regulatory Agreement
#4 - Promissory Note and Deed of Trust

Note: The Amendment to Promissory Note, Promissory Note and Deed of Trust, and Release and Termination of Regulatory Agreement have been provided to the City Council and the Community Development Commission. Copies are available for review at the Circulation Desk in the Library after 6:00p.m. on the Thursday prior to the Council meeting and at the City Clerk's office after 8:00a.m. on Monday.

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City of Oxnard

Publicly Funded Affordable Housing Projects

2000-2006

Apartments

<u>Project/Year</u>	<u>Number of Units</u>	<u>Funding</u>	<u>Per Unit</u>
Villa Madera (2001)	72	\$1,600,000	\$22,222
Meta Street (2002)	24	\$295,000	\$12,962
Cypress Court (2002)	6	\$162,000	\$27,000
Villa César Chávez (2003)	52	\$1,060,000	\$20,385
Villa Victoria (2003)	54	\$1,101,500	\$20,398
Paseo Santa Clara (2006)	160	\$4,400,000	\$27,500

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