



Meeting Date: 02/23/10

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s) _____	<input 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: Norma J. Owens ^{NJO} Agenda Item No. I-9

Reviewed By: City Manager [Signature] City Attorney SMF Finance [Signature] Other (Specify) _____

DATE: February 16, 2010

TO: City Council

FROM: William E. Wilkins, Housing Director
Housing Department

SUBJECT: **First Amended and Restated Affordable Housing and Loan Agreement with Cabrillo Economic Development Corporation (CEDC) to increase the loan amount, by \$323,840 to become \$1,623,840.**

RECOMMENDATION

That City Council:

1. Approve and authorize the Mayor to execute a First Amended and Restated Affordable Housing and Loan Agreement (A-7098) with CEDC, to provide additional financing, in the amount of \$323,840, (for a loan total of \$1,623,840) for the development of 43 affordable apartments, to be located at 457 West Gonzales Road.
2. Authorize the award of funds in the amount of \$323,840 from FYs 2007-2008 and 2008-2009 HOME Investment Partnerships Act Grant (HOME) budgets.

DISCUSSION

Funding for this project, commonly known as Camino Gonzales, will depend on a combination of public and private resources to finance the total development cost of \$9,280,210. The total development costs (TDC) per unit will be \$371, 208. CEDC has indicated that the TDC for this project are high because costs of carrying the land has been high. The original project start date was in 2007.

CEDC has secured the construction and permanent financing necessary to develop the project, but still has a gap of \$323,840. The gap is primarily the result of the current state of the housing tax credit market's lower pricing and the availability of State of California funds. CEDC was desirous of applying for the State's Joe Serna Jr. Housing Program as a means of filling the financing gap, but because of the State's current budget crisis, the Program did not release a notice of funding availability (NOFA) last year. Moreover, the State is not expected to release a NOFA during this year, as well. Consequently, CEDC has asked for City assistance to fill the financial gap with an additional loan amount of \$323,840 in HOME funds.

CEDC is a certified Community Housing Development Organization (CHDO) that is eligible to receive HOME funds. The HOME funds will be used during the predevelopment phase of the project, but will remain for the life of the project loan. Upon completion, there will be 11 units dedicated to HOME eligible low-income tenants. The amount of the HOME subsidy is \$29,363 per unit or 7.9% of the cost per unit.

FINANCIAL IMPACT

The \$323,840 in HOME funds will be expended from Account Number 295-5162-804-8602, which contains previously appropriated CHDO set-aside funds, as required by Federal regulations.

Attachment #1 - First Amended and Restated Affordable Housing and Loan Agreement.

Note: Attachment #1 has been provided to the City Council under separate cover. Copies for review are available at the Help Desk in the Library after 6:00 p.m. on Thursday prior to the council meeting and in the City Clerk's Office after 8:00 a.m. on Monday prior to the Council meeting.