

# The County of Yuba

## Community Development and Services Agency

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**TO:** Board of Supervisors

**FROM:** Community Development and Services Agency, Karma Ferguson

**SUBJECT:** Community Development and Services: Adopt resolution approving Regulatory Agreement, Rehabilitation Funding Agreement, Development Agreement, Rider to the Development Agreement, and Escrow Instructions, for the Habitat for Humanity Yuba/Sutter, Inc. Prosperity Village Rehabilitation Project, and make a finding of public benefit for the project pursuant to GC 25539.4. (Five minute estimate)

**DATE:** March 28, 2023

**NUMBER:** 92/2023

### *Recommendation*

Adopt resolution authorizing the Board Chair to execute a Regulatory Agreement, Rehabilitation Funding Agreement, Development Agreement, Rider to the Development Agreement, and Escrow Instructions, with Habitat for Humanity Yuba/Sutter, Inc. for the Prosperity Village Rehabilitation Project and make a finding of public benefit for the project pursuant to GC 25539.4.

### *Background*

The California Department of Housing and Community Development (“HCD”) announced the availability of approximately \$66 million, made available from the U.S. Department of Housing and Urban Development (“HUD”), as appropriated under Public Law 115-123, for the Disaster Recovery Multifamily Housing Program (“DR-MHP”) to provide funding for the rehabilitation, reconstruction, and/or new construction of affordable multifamily housing in designated areas impacted by the wildfires, flooding, mudflows and debris flow in October and December of 2017 (DR-4344 and DR-4353)

The County of Yuba Board of Supervisors adopted a Resolution authorizing an application to HCD for a funding allocation under the Community Development Block Grant (CDBG) Disaster Recovery Multifamily Housing Program (CDBG-DRMHP), approved by the Board of Supervisors on August 25, 2020 by Resolution No: 2020-104 and on February 9, 2021 by Resolution No. 57-2021.

The County of Yuba and HCD entered into the Master Standard Agreement (“Agreement”) 20-DRMHP-0001 on March 4, allocating \$ 1,666,091.00 in funding for the development of an Affordable Multifamily Housing Project (“Project”).

On September 10, 2021, the County of Yuba Community Development & Services Agency (CDSA) published a Notice of Funding Available and Request for Proposal for an Affordable Multifamily Housing Project, utilizing \$1,561,040.00 of the County’s funding allocation, for the rehabilitation, reconstruction, and/or new construction of an Affordable Multifamily Housing Project, within the designated most impacted and distressed area (MID) 95901 zip code.

CDSA received a development proposal from Habitat for Humanity Yuba/Sutter, Inc., on October 29, 2021, requesting \$1,561,040.00 in CDBG –DRMHP funding for the conversion of a 62-unit motel (formerly known as the Travel Inn & Suites), located at 1111 North Beale Road (Project) into an Affordable Housing Project consisting 61 affordable housing units, plus one (1) manager unit known as Prosperity Village Apartments.

On December 2, 2022, HCD issued the County a letter stating the Project had met the eligibility and feasibility requirements, as published in the CDBG-DR-MHP Policies and Procedures Manual, constituting a firm commitment for funding for Habitat for the proposed Project.

On December 6, 2022, HCD issued a Notice to Proceed (“NTP”), setting forth specific details concerning the proposed Project. CDSA received fully executed NTP on January 6, 2023.

### *Discussion*

Habitat for Humanity is awaiting approval to start on the much needed renovations on the Project.

In order for Habitat for Humanity to proceed with their renovations and meet the HCD completion deadline of December 2023, the attached Resolution and agreements require Board approval.

The agreements are as follows:

**Regulatory Agreement:** between HCD, Habitat for Humanity Yuba/Sutter, and the County of Yuba agreeing to compliance with program requirements, use of funds, setting the term of the agreement for 30 years, and restricting the affordability of the units.

**Rehabilitation Funding Agreement:** between County of Yuba and Habitat for Humanity Yuba Sutter for \$1,561,040, setting the terms of the agreement for 30 years and inclusive of all other required terms.

**Development Agreement:** between County of Yuba and Habitat for Humanity, setting the terms of the low and moderate income beneficiary requirements, compliance with CDBG-DR requirements, and terms and conditions of assistance of the forgivable loan.

**Rider to Development Agreement:** between HCD, County of Yuba, and Habitat for Humanity Yuba Sutter is incorporated into and made a part of that certain Development Agreement, defined as the legal instrument that conveys the Project funds to the development to include additional terms required by the Department for the Project.

**Lender's Escrow Instructions:** included documents relating to the escrow account # P-547301

This Project will provide a needed public purpose/benefit by providing much needed affordable housing to extremely low and low income residents, which Yuba County has struggled with historically to provide.

*Committee Action:*

Due to time constraints, this item is directly being presented to the full Board for consideration. Delayed issuance of the Notice to Proceed, has delayed project start date. Closing of project financing will preserve established milestone commitments.

Fiscal Impact: *Funding involved on Agenda Item – Three Required*

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| Budget -            | Utilize existing Board Approved FY 2022-23 Budget Appropriation within the same categories,        |
| General Fund –      | None   |
| Non-General Funds – | \$1,652,191.00   |
| Source of Funds -   | Community Development Block Grant Disaster Recovery Multifamily Housing Program funding allocation |

*Attachments*

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| 92/2023 | Resolution for Prosperity Village Rehabilitation |
| 92/2023 | Regulatory Agreement                             |
| 92/2023 | Rehabilitation Funding Agreement                 |
| 92/2023 | Development Agreement                            |
| 92/2023 | Rider to Development Agreement                   |
| 92/2023 | Lender's Escrow Instructions                     |