



CONTRA COSTA COUNTY AFFORDABLE HOUSING FINANCE COMMITTEE MEETING AGENDA

Friday, April 24, 2020, 8:30 a.m.

To slow the spread of COVID-19, the Health Officer's Shelter Order of March 31, 2020, prevents public gatherings ([Health Officer Order](#)). In lieu of a public gathering, the Affordable Housing Finance Committee meeting will be accessible via teleconference to all members of the public as permitted by the Governor's Executive Order N29-20.

Members of the public can listen to the meeting via Contra Costa County Streaming Media Service, which can be found at:

https://contra-costa.granicus.com/ViewPublisher.php?view_id=18

In lieu of making public comments at the meeting, members of the public may submit public comments before or during the meeting one of two ways:

- 1) Via email to DCD.Housing@dcd.cccounty.us. Email must list agenda number in subject line.
- 2) Via voicemail at (925) 864-3531. The caller must start the message by stating "public comments – not on the agenda" or "public comments – agenda item #", followed by their name and place of residence, followed by their comments.

1. Call to Order/Roll Call
2. Public Comment (2 minutes/speaker) – for any topic NOT on the agenda and within the purview of the Affordable Housing Finance Committee (AHFC). (Up to 15 minutes)
Any public comment not heard at this time may be heard at the end of the meeting (Agenda item #9).
3. Current Housing Development Projects Status Report
4. CONSIDER Applications and Staff Recommendations for FY 2020/21 HOME Investment Partnerships Act Funds (Approximate start times.)
 - a. 9:00 a.m. Legacy Court
 - b. 9:15 a.m. 1313 Galindo
 - c. 9:30 a.m. Tenant Based Rental Assistance Reserve (COVID-19 Emergency Response)
5. RECOMMEND Allocations of FY 2020/21 HOME Investment Partnerships Act Funds
6. Administrative Updates

7. Continued Public Comment (*from Agenda Item #2*)

8. Adjournment

Any disclosable public records related to an open session item on a regular AHFC meeting agenda and distributed by the Department of Conservation and Development to a majority of the members of the Affordable Housing Finance Committee less than 72 hours prior to that meeting are available by request at DCD.Housing@dcd.cccounty.us.

If you have accessibility needs and require specific accommodations to participate in this meeting, please provide 48-hour notice by emailing DCD.Housing@dcd.cccounty.us or calling (925) 674-7208.

Community Development Block Grant and HOME Investment Partnerships Act
FY 2020/21 Affordable Housing Program and CDBG/HOME Administration

Project ID#	Sponsor (b)	Project Name/Location	Description/Purpose	Previous Allocation	Funds Requested			Total Cost	Staff Recommendation (a)				
					CDBG	HOME	HOPWA		CDBG	HOME	HOPWA	County Project Delivery Costs	Total County funds recommended
Objective AH-1 - New Construction of Affordable Rental Housing.													
20-01-HSG	Resources for Community Development	St. Paul's Commons Walnut Creek, CA							Application withdrawn.				
20-02-HSG	Community Housing Development Corporation of North Richmond (CHDO) 1535-A Fred Jackson Way Richmond, CA 94801 Eden Development, Inc. 22645 Grand St. Hayward, CA 94541	Legacy Court Fred Jackson Way Richmond, CA	New construction of 43 rental units affordable to and occupied by very-low income families and special needs households.	\$ 834,665		\$ 3,000,000		\$ 30,603,349		\$ 350,000		\$ 40,000	\$ 390,000
20-03-HSG	Resources for Community Development (CHDO) 2220 Oxford St Berkeley, CA 94596	1313 Galindo 1313-1321 Galindo Street Concord, CA	New construction of 62 rental units affordable to and occupied by very-low income families and special needs households.	\$ 200,000		\$ 2,000,000		\$ 51,416,738		\$ 2,000,000		\$ 40,000	\$ 2,040,000
Objective AH -2 - Homeownership Opportunities													
Objective AH-3 - Maintain and preserve affordable housing.													
20-04-HSG	CCC DCD 30 Muir Road Martinez, CA 94553 Habitat for Humanity East Bay/Silicon Valley 2619 Broadway Oakland, CA 94612	Neighborhood Preservation Program Urban County	Provision of 8 low interest loans, 9 single-family grants, and 10 mobile-home repair grants for rehabilitation of housing owned and occupied by very-low and low-income households. <i>Total budget includes \$100,000 in anticipated repaid loans to the program.</i>	\$600,000 (2019)	\$ 633,750			\$ 733,750	\$ 233,750				\$ 233,750
20-05-HSG	Eden Development, Inc. 22645 Grand St. Hayward, CA 94541	Riverhouse Hotel 700 Alhambra Avenue Martinez, CA 94553	Rehabilitation of 81 existing SRO units affordable to and occupied by very-low income households.	\$303,090 (1991)	\$ 592,454			\$ 658,282	\$ 592,454			\$ 50,000	\$ 642,454
20-06-HSG	Eden Development, Inc. 22645 Grand St. Hayward, CA 94541	Emerson Arms 326 Ward Street Martinez, CA 94553	Rehabilitation of 32 existing units affordable to and occupied by very-low income families.	\$1,360,622 (2003)	\$ 500,000			\$ 570,220	\$ 500,000			\$ 50,000	\$ 550,000

Community Development Block Grant and HOME Investment Partnerships Act
FY 2020/21 Affordable Housing Program and CDBG/HOME Administration

Project ID#	Sponsor (b)	Project Name/Location	Description/Purpose	Previous Allocation	Funds Requested			Total Cost	Staff Recommendation (a)				
					CDBG	HOME	HOPWA		CDBG	HOME	HOPWA	County Project Delivery Costs	Total County funds recommended
20-07-HSG	EAH Housing	Crescent Park Richmond, CA 94804						Application ineligible and withdrawn.					
20-08-HSG	Richmond Neighborhood Housing Services 2320 Cutting Blvd Richmond, CA 94804	RNHS Scattered Site Rehab Project #3 Richmond, CA	Rehabilitation of 4 single-family rental homes affordable to and occupied by low-income families.		\$ 332,698			\$ 369,665	\$ 332,698				\$ 332,698
Objective AH-4 - New Supportive Housing - Special Needs													
		Tenant Based Rental Assistance - COVID-19 Emergency Response								\$ 420,000			\$ 420,000
APPLICATION TOTAL FY 2020/21					\$2,058,902	\$5,000,000	\$ -	\$84,352,004	\$ 1,758,902	\$ 2,850,000	\$ -		\$ 4,608,902
FUNDS AVAILABLE FY 2020/21 FUNDING CYCLE													
FY 2020/21 Grant Allocation for projects							\$704,875		\$2,087,439	\$3,381,000			
FY 2019/20 Housing Development Assistance Fund year-end balance - ESTIMATED							\$111,426		\$151,366	\$327,851			
FY 2020/21 Program Administration (CDBG Administration included in IPF Table)							(\$63,341)		\$0	(\$845,250)			
Net funds available for projects							\$752,960		\$2,238,805	\$2,863,601			
FY 2020/21 HDAF Balance									\$479,903	\$13,601			
(a) HUD allowable program delivery costs included in each project's allocation amount, including project-specific legal and compliance costs.													
(b) Per federal regulations, 15 percent of each year's allocation of HOME funds must be used for projects sponsored, owned, or developed by Community Housing Development Corporations (CHDO). Current year CHDO minimum:													
(c) Staff recommendation for fair housing service providers goes to the Family and Human Services Committee													

Contra Costa County Current Affordable Housing Development Projects Status				Funds Allocated				Affordability and/or Income Restrictions			
Project ID	Sponsor	Project Name/ Location	Project Status	Total Cost	CDBG/ NSP	HOME	HOPWA	30%	50%	80%	Unit Total
Objective AH-1 — New Construction of Affordable Rental Housing.											
15-04-HSG 16-02-HSG 17-01-HSG	Community Housing Development Corp of North Richmond 1535 A Street Richmond, CA 94801	Heritage Point North Richmond	Construction completed. Grand Opening in Fall 2020	\$27,345,625	\$2,900,000				41	1	42
18-02-HSG	Pacific West Communities 430 E. State St., Ste 100 Eagle, ID 83616	21 & 23 Nevin Richmond	Underway. Completion expected Fall 2020.	\$136,850,145		\$2,000,000		0	81	187	271
17-03-HSG	Satellite AHA & Choice in Aging 1521 University Avenue Berkeley, CA 94703	Aging in Place Pleasant Hill	Delayed. Seeking additional funding	\$32,781,203	\$ 100,000			24	33	26	84
Objective AH-2 — Homeownership Opportunities											
13-50-HSG NSP I	Habitat for Humanity East Bay/Silicon Valley 2619 Broadway Oakland, CA 94613	Pacifica Landing Bay Point	Underway. Entitlements received. Construction start expected Summer 2020.	\$1,924,251	\$1,000,000			0	2	1	3
19-04-HSG	Habitat for Humanity East Bay/Silicon Valley 2619 Broadway Oakland, CA 94613	Las Juntas Walnut Creek	Progressing. NEPA underway.	\$22,043,308	\$1,605,000					32	42
Objective AH-3 — Maintain and Preserve Affordable Housing											
16-05-HSG 16-06-HSG	Resources for Community Development 2220 Oxford Street Berkeley, CA 94596	Carena Elaine Null/Bay Point Riley Ct./Concord	Construction completed. Closeout underway.	\$30,500,000	\$100,000	\$ 825,000		8	42	11	61

Contra Costa County Current Affordable Housing Development Projects Status				Funds Allocated				Affordability and/or Income Restrictions			
Project ID	Sponsor	Project Name/ Location	Project Status	Total Cost	CDBG/ NSP	HOME	HOPWA	30%	50%	80%	Unit Total
17-04-HSG	Richmond Neighborhood Housing Services 2320 Cutting Blvd Richmond, CA 94804	Richmond Rental Rehabilitation	Ongoing.		\$280,000			0	0	3	3
17-05-HSG 18-09-HSG	Resources for Community Development 2220 Oxford Street Berkeley, CA 94596	Pinecrest/ Terrace Glen Antioch	Construction completed. Closeout underway.	\$16,439,162		\$1,300,000		6	32	16	54
17-06-HSG	Community Housing Development Corp of North Richmond 1535 A Street Richmond, CA 94801	Chesley Mutual Richmond	Delayed. Issues with procuring contractor.	\$400,000	\$ 350,000			2	27	0	29
18-04-HSG	Mercy Housing, California 1360 Mission St. San Francisco, CA 94103	Hacienda Apartments Richmond	Progressing. Applying for bonds and tax credits in August.	\$50,332,873	\$ 1,810,000			15	133	0	150
19-06-HSG	Greater Richmond Interfaith Program 165 22nd Street Richmond, CA 94801	Safety Improvementts at Veteran's Housing	Underway. NEPA complete. Contractor selected. Completion expected June 2020.	\$30,000	\$ 27,000			8			
19-HDAF-1	BRIDGE Housing 600 California Street San Francisco, CA 94108	Coggins Square Apartments	Underway. Construction finance closed on 4/15/2020.	\$28,054,596	\$ 2,370,000			16	39	31	87
19-HDAF-2	Richmond Housing Authority	Nevin Plaza Elevators	Underway. Completion expected June 2020.	\$1,072,832	\$ 804,624				142		142

Contra Costa County Current Affordable Housing Development Projects Status				Funds Allocated				Affordability and/or Income Restrictions			
Project ID	Sponsor	Project Name/ Location	Project Status	Total Cost	CDBG/ NSP	HOME	HOPWA	30%	50%	80%	Unit Total
Objective AH-4 - New Supportive Housing -Special Needs											
16-08-HSG 18-HDAF 19-01-HSG	Satellite Affordable Housing Associates 1521 University Avenue Berkeley, CA 94703	Veterans Square Pittsburg	Underway. Construction finance closing to occur in Fall 2020.	\$14,036,641		\$2,200,400		19	10	0	30
17-02-HSG	Resources for Community Development 2220 Oxford Street Berkeley, CA 94596	St. Paul's Walnut Creek	Underway. Completion expected Summer 2020.	\$24,470,326	\$1,000,000	\$1,042,319	\$232,681	11	23	10	45
TOTALS				\$386,280,962	\$12,346,624	\$7,367,719	\$232,681	109	605	318	1,043

FY 2020/21 Contra Costa County Housing Staff Report		
HSG-20-02: Legacy Court		
Sponsor: Community Housing Development Corporation and Eden Housing		
Location: 11 parcels along Fred Jackson Way Corridor, incorporated North Richmond		
Purpose: To provide 43 units of new multifamily rental housing in Richmond that is affordable to and occupied by lower income households.		
Proposed Permanent Sources (C=committed, P=proposed)		
FY 20/21 HOME Funds Request	\$	3,000,000
FY 19/20 HOPWA Allocation	\$	834,665 C
City of Richmond		1,036,013 C
Federal Home Loan Bank Affordable Housing Program (AHP)		420,000 P
State Water Resources Board/Orphan Site Cleanup Account Grant		1,653,667 C
Environmental Protection Agency Grant		200,000 C
Multifamily Housing Program (MHP)		10,114,259 P
General Partner Equity		1,000,000 P
Seller Take Back Loan		389,988 C
Low Income Housing Tax Credit Investor		11,954,757 P
Total Sources	\$	30,603,349
# units		43
# affordable units		42
# HOME assisted units		13
# HOPWA assisted units		5
Total Cost/unit	\$	711,706
Public Funds/affordable unit		410,919
HOME Funds/affordable unit		71,429
HOME Funds/HOME assisted unit		230,769
HOPWA Funds/affordable unit		19,873
HOPWA Funds/assisted unit		166,933
Maximum HOME Project Subsidy	\$	3,016,711
Maximum HOME Investment (Project Subsidy)	\$	3,016,711
Match Requirement (25% of HOME Allocation)	\$	750,000
Match Amount (Source: OSCA Grant)	\$	1,853,667
HOME/HOPWA Leverage	\$	6.98
(Amount of other funds for each HOME and HOPWA dollar requested)		
County (HOME, CDBG and HOPWA) Leverage	\$	6.98
Developer Fee	\$	1,500,000
Developer Fee/Total Cost		4.90%
Hard Cost per square foot	\$	467.04
Per unit Operating Expenses with reserves	\$	8,000
Per unit Operating Expenses without reserves	\$	7,500

PROJECT SUMMARY: Community Housing Development Corporation of North Richmond (CHDC) and Eden Housing Inc. (Eden) are proposing to develop Legacy Court Apartments, a new construction project with 42 units of affordable housing for families and persons with HIV/AIDS, plus one manager's unit. Legacy Court will be constructed on a combined 1.35 acres over five sites (11 parcels) on three separate blocks in the incorporated city portion of North Richmond. The project design concept consists of three two- and three-story buildings, one on each block, townhouse apartments over flats. The development will include 42 affordable one, two, and three-bedroom units and one two-bedroom manager's unit.

The development will provide a variety of common area amenities aimed at facilitating the socialization and sense of community that is important to successful developments. Within each of the three buildings, a large community room will be available for casual resident gatherings, community meetings, social events, and programming for resident services, including exercise, health, and wellness programs, as well as art, educational, and cultural activities. There will be individual offices for both onsite property management and the resident services coordinator. Other project amenities will include landscaped open spaces, onsite parking and bicycle storage, and onsite laundry facilities. A computer lab with high-speed internet connections will also be provided in one of the buildings. Area amenities include the newly renovated Shield-Reid Park and recreation center, a baseball field, elementary school, health center, County social services office, and planned small grocery store. The design and construction of Legacy Court will include sustainable design features.

Revisions from last year's application include a financing plan that focuses on being competitive for Multifamily Housing Program funds. Rather than serving special needs populations for No Place Like Home (NPLH) and Veterans Housing and Homeless Program (VHHP) funding, the project will provide housing for 13 households earning at or below 20% area median income and 23 households earning at or below 30% area median income.

FUNDING RECOMMENDATION: \$350,000 in HOME funds

CONTINGENCIES:

- 1) Project Sponsor must apply to the California Debt Limit Allocation Committee and/or Tax Credit Allocation Committee by December 31, 2021.
- 2) Funds must be committed by the County, as evidenced by an executed loan, by December 31, 2022.

RATIONALE: HOME funds must be spent within specific timeframes. HOME regulations require that funds are expended and project completed within five years of the grant award from the U.S. Department of Housing and Urban Development (HUD) to the County. To be eligible for FY 2021/22 HOME funds, Legacy would have to be complete, fully occupied, and all HOME funds expended (including retention) no later than June 30, 2025. As proposed, Legacy would meet this required timeframe. However, the project budget is fully dependent on the allocation of MHP funds at the level requested. If not successful, the budget and scope of the project will likely change again and result in a delay of at least one year. Due to the competitiveness of HOME funds, the majority of this year's funds are being recommended for another more timely project.

The staff recommended level of funding was discussed and agreed upon with the project sponsor as an amount that is sufficient to leverage alternate soft funding sources. The project sponsor expects to reapply for additional gap funding from HOME funds after they secure the majority of their budget.

EVALUATION CRITERIA:

- 1. **DRAFT 2020-2025 Consolidated Plan Priority:** Expand housing opportunities for extremely low-income, very low-income, and moderate-income households through an increase in the supply of decent, safe, and affordable rental housing via new housing construction or acquisition of land for the purpose of housing construction (AH-1).
- 2. **HOME Eligibility Activity:** The new construction of housing affordable to and occupied by very-low income households [(24 CFR 92.205)(a)].

CHDO/CDBO ELIGIBILITY: The HOME Program has a 15 percent CHDO set aside requirement. CHDC qualifies as a CHDO.

HOPWA Eligible Activity: The use of HOPWA funds for the new construction of apartments or community residences to prevent homelessness for persons with HIV/AIDS [24 CFR 574.300(a)].

3. **Project feasibility/cost-effectiveness/budget issues.**

Since last year’s application, the project sponsor applied for No Place Like Home funds and was not awarded an allocation. The updated plan of finance requires applying for State MHP and AHP funds and bonds/tax credits. If awarded HOME and MHP at the level proposed, the project would be poised to apply for bonds/tax credits in January 2021.

Pro-forma Review

Reasonable total cost per unit? Yes No

Comment:

The total cost per unit is \$711,706 which is consistent with other affordable housing projects. The costs are attributed to the project consisting of 3 separate buildings that will have separate amenities and public space, as well as eleven 3-bedroom units.

At or below Maximum HOME Investment Allowable? Yes No

Methodology: Gap Funding Cost of HOME Units Maximum Project Subsidy

Comment:

Meets match requirement? Yes No

Pro-forma Review per Affordable Housing Program Guidelines

Developer Fee within 4-8% of total development cost? Yes No

Developer Fee meet criteria? Yes No

Criteria: Cash out cannot exceed \$1.5 million. Total fee (cash out plus deferred/sponsor contribution) cannot exceed Tax Credit allowable maximum.

Construction contingency

At least 10% for new construction? Yes No

Operating Budget/Cash Flow Review per Affordable Housing Program Guidelines

Break even cash flow within 18 months of initial rent-up? Yes No

Rent escalator at or below 2.5%? Yes No

Utility Allowance Method (PHA not allowed with HOME units):

HUD Utility Schedule Model Multifamily HSG Utility Allowance LIHTC Agency Estimate
 Utility Company Estimate Energy Consumption Model (Engineer Model)

Project Based Section 8 (ONLY if previously awarded)? Yes No

Vacancy Rate of 5% for multifamily/senior/preservation projects? Yes No

Annual expenditure escalator at or below 3.5%? Yes No

Partnership/Asset Management Fee

At or below \$32,000 per year during Tax Credit period? Yes No

At or below \$25,000 per year after Tax Credit period? Yes No

(No escalator allowed)

Comment: No fee included. Cash flow after Tax Credit period not included in submittal.

Operating Reserve: at least 6 months of operating expenses including debt service?

May be capitalized. Yes No

Replacement Reserve: at least 0.6% of the replacement cost of the structure per year up to \$600 per unit per year? Yes No

Includes Rental Compliance Monitoring Fee of \$250 per HOME unit per year? Yes No

Comment:

If project uses County as bond issuer then the issuer fee will cover the HOME Rental Compliance Monitoring Fee.

Loan and Contract Terms per Affordable Housing Program Guidelines

HOME

Interest: 3 percent simple

Term: 20 year HOME term followed by a 35 year County term

Payments: Annually due from surplus cash or residual receipts. Due in full upon sale or transfer of property or end of term.

HOPWA

Interest: 0 percent

Term: 10 year HOPWA term followed by a 45 year County term

Payments: Fully deferred for 55 years

The County will be in a co-equal lien position with the City loan. Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the equity investment is substantial compared to the amount of long term debt, the partnership agreement has numerous safe guards of the investors equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County funds may not be fully secured through the value of the property.

Legal documents for the project will include a loan agreement, a promissory note, a deed of trust and security agreement, a regulatory agreement, an intercreditor agreement, and a subordination agreement. Other documents that may be required include an assignment and assumption agreement and one or more estoppel agreements.

- 4. Project readiness/timing.** CHDC owns all 11 parcels of the project. Entitlements were approved in 2013 and the City has granted an extension until October 30, 2021. The project sponsor has a timeline for securing other funding sources in 2020 and 2021 with a projected construction start date of September 2021. The development team is in place. See Contingencies above.

5. Alleviation of affordable housing needs/target population.

Rental per the Affordable Housing Program Guidelines– HUD: 100% HOME assisted at 80%, 20% HOME at 50%, County: 10% HOME at 30%. 100% at 50%

The project will help alleviate the need for safe, decent, affordable housing through the new development of 42 affordable one-bedroom, two-bedroom and three-bedroom apartment units in the incorporated city area of North Richmond. Although all units of affordable housing are needed, larger units (three and four bedrooms), deeper affordability (extremely-low income), and permanent supportive housing are the greatest need. As proposed, five units will be set aside for persons living with HIV/AIDS.

# of bedrooms	Total # of Units	Affordability Level	HOME-Assisted Units Proposed	HOPWA Units	Total County Assisted Units
1	8	20%		5	5
1	5	30%			
1	6	50%			
1	2	60%			
2	4	20%	2		2
2	2	30%	2		2
2	1	50%	1		1
2	3	60%	1		1
3	1	20%	2		2
3	3	30%	2		2
3	4	50%	2		2
3	3	60%	1		1
2	1	Manager's			
Total	43		13	5	18

6. Experience.

Applicant: Eden Housing has over 50 years of experience in providing affordable housing in California. They have developed 15 Contra Costa County affordable housing projects, most recently the new construction of Hana Gardens in El Cerrito.

CHDC has been developing multi-family and single-family affordable housing in West County for over 20 years. It recently completed Heritage Point, a 43-unit development in unincorporated North Richmond. While it is not unusual for developments to take years to complete, Heritage Point required significant additional administrative and financial support from the County due to the duration of its development.

Ownership: The ownership of Legacy Court will be a California limited partnership consisting of affiliates of CHDC and Eden as co-managing general partners and a to-be-determined investor limited partner.

General Contractor: to be determined. However, PL Mak, Inc. will serve as the construction manager. This consultant has a long standing relationship with Eden and CHDC and has completed 50 projects over the past 17 years.

Property Management: Eden Housing Property Management, Inc. will serve as property manager and residential services will be provided by Eden Residential Services Inc. They manage the entire Eden Housing portfolio, which includes developments financed with low income housing tax credits, tax-exempt bonds, Section 8 vouchers, and soft debt such as HOME funds.

Financial Consultant: Community Economics (CEI) was established in 1976 to provide financial consulting services to non-profit entities. CEI has extensive experience with the numerous affordable housing funding sources.

7. Local/community support.

Legacy is supported by the two neighborhood community groups in North Richmond, the Municipal Advisory Council and the Shields-Reid Neighborhood Council. The City of Richmond previously provided funds for the project and extended its entitlement approval in order for the project to be completed by CHDC/Eden.

8. Cross-Cutting Federal Requirements.

Davis Bacon Federal Prevailing Wages:

Triggered? Yes No
 Residential Building

Consultant? Yes No
Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project. Not applicable to HOPWA.

Environmental:

Complete? Yes No
Consultant? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the County must receive Authority to Use Grant Funds from HUD.

Fair Housing Management and Marketing Plan:

Received? Yes No
Meets federal fair housing requirements? Yes No
Marketing to appropriate audience? Yes No
Logo and nondiscrimination clause included? Yes No

Prior to closing, Project Sponsor will be required to submit for County approval a detailed marketing plan, sample lease, and tenant selection criteria.

Lead-Based Paint:

Applicable (if buildings currently on-site built prior to 1978)? Yes No
If yes, the building(s) is required to be tested prior to project commencement as a requirement of the NEPA environmental review process.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 hiring: Project Sponsor, general construction contractor and subcontractors must comply with federal procurement and local hiring requirements. All procurement activities must be coordinated with County staff.

Section 504 Accessibility Requirements:

Will five percent of the units be accessible to physically disabled households? Yes No

Will an additional two percent of the units be accessible to those with vision and/or hearing impairments? Yes No

Site and Neighborhood Standards Review:

Applicable? Yes No

Applicable to new construction projects in areas of minority concentration (greater than 50%) or a racially mixed area (25-50%) if the project will cause a significant increase in the proportion of minority to non-minority residents.

Compliant? Yes No

Uniform Relocation Act:

Applies to project? Yes No

FY 2020/21 Contra Costa County Housing Staff Report		
HSG 20-03:	1313 Galindo	
Sponsor:	Resources for Community Development	
Location:	1313-1321 Galindo Street, Concord	
Purpose: To provide 62 units of new transit oriented multifamily rental housing in Concord that is affordable to and occupied by lower income households.		
Proposed Permanent Sources (C=committed, A=applied, P=proposed)		
FY 20/21 HOME Funds Request	\$ 2,000,000	
FY 19/20 HOPWA Allocation	\$ 200,000	C
City of Concord Funds	5,500,000	C
City of Concord Funds	2,300,000	C
Affordable Housing Sustainable Communities (AHSC)	9,899,816	A
AHSC Housing Related Infrastructure Grant	2,450,000	A
No Place Like Home	3,582,085	A
IIG	2,500,000	A
Federal Home Loan Bank Affordable Housing Program (AHP)	610,000	A
Low Income Housing Tax Credit Equity (LIHTC)	20,802,366	P
Multifamily Housing Revenue Bond/Private Loan	1,557,580	P
Recontributed Developer Fee/GP Equity	1,900,000	C
Deferred Developer Fee	400,000	C
Total Sources	\$ 53,701,847	
# units	62	
# affordable units	61	
# HOME assisted units	12	
# HOPWA assisted units	1	
Total Cost/unit	\$ 866,159	
Public Funds/affordable unit	\$ 476,097	
HOME Funds/affordable unit	\$ 32,787	
HOME Funds/HOME assisted unit	\$ 166,667	
HOPWA Funds/affordable unit	\$ 3,279	
HOPWA Funds/HOPWA assisted unit	\$ 200,000	
Maximum HOME Project Subsidy	\$ 2,308,532	
Maximum HOME Investment Allowable (Gap Needed+\$50K proj. delivery)	\$ 2,050,000	
Match Requirement (25% of HOME Allocation)	\$ 512,500	
Match Amount (Source: NPV of City Loan)	\$ 771,703	
HOME Leverage	\$ 25.75	
(Amount of other funds for each HOME dollar requested)		
Developer Fee (\$1.5M at close, \$400,000 deferred, \$1.9M Recontribution)	\$ 3,800,000	
Developer Fee/Total Cost	7.08%	
Hard Cost per residential square foot	\$ 780.59	
(Over podium construction, commercial prevailing wage level)		
Per unit Operating Expenses with reserves	\$ 10,254.76	
Per unit Operating Expenses without reserves	\$ 9,654.76	

PROJECT SUMMARY: The 1313 Galindo project consists of the new construction of a 62-unit affordable housing development in Concord. As proposed, the project will have 39 one-bedroom units, 19 two-bedroom units (including one manager's unit), and 4 three-bedroom units. All of the units, except for one manager's unit, will be affordable at the following levels: eight units for households earning at or below 60% area median income (AMI); forty units for households earning at or below 50% AMI; and thirteen units for households earning at or below 30% AMI. Thirteen of the units will be reserved for homeless with a severe mental illness and one unit for residents living with HIV/AIDS for a total of 13 units reserved for households with special needs.

The development site consists of two parcels that will be combined to allow for the development of a single five-story building located near the Concord BART station, downtown Concord and Todos Santos Park. The building will include a community room, laundry room, property manager's office, resident services office, and an outdoor courtyard on the second floor podium. The overall design is a U shape building that bounds an interior courtyard that is open to the south, allowing for the dissipation of noise and excellent sun exposure. The community room, facing the courtyard, will likewise provide ample space for community activities.

Green building features that RCD plans to implement include the following: solar photovoltaics and/or water heating, low- no-VOC paints, adhesives and flooring to support indoor air quality, recycled content flooring, recycling of construction debris, water conserving fixtures, drought tolerant and Bay Friendly landscaping, Energy Star appliances and onsite capture of rainwater run off through the use of bioswales. The building is designed to meet the minimum 100 points of Green Point Rated system.

Applications have been submitted for all other funding except for multifamily housing revenue bonds and tax credits. An application for bond authority and tax credits will be submitted this August for the October allocation rounds of the California Debt Limit Allocation Committee (CDLAC) and the Tax Credit Allocation Committee (TCAC).

FUNDING RECOMMENDATION: \$2,000,000 in HOME funds.

CONTINGENCIES:

1. Project Sponsor must apply to CDLAC and/or TCAC by December 31, 2021.
2. Funds must be committed by the County, as evidenced by an executed loan, by June 30, 2022.

RATIONALE: The project is timely and feasible with a viable plan to close on construction financing by the end of this year. With the exception of bonds/tax credits, the project sponsor has already applied for all remaining sources of funding needed. Although the development cost is high, this project is infill development adjacent to the Concord BART station with 100% affordability and serving a special needs population while providing multiple amenities. See notes under #3 below.

EVALUATION CRITERIA:

1. **DRAFT 2020-2025 Consolidated Plan Priority:** Expand housing opportunities for extremely low-income, very low-income, and moderate-income households through an increase in the supply of decent, safe, and affordable rental housing via new housing construction or acquisition of land for the purpose of housing construction (AH-1).
2. **HOME Eligible Activity:** The new construction of housing affordable to and occupied by very-low income households [(24 CFR 92.205)(a)].

CHDO/CDBO ELIGIBILITY: The HOME Program has a 15% CHDO set aside requirement. RCD qualifies as a CHDO.

3. Project feasibility/cost-effectiveness/budget issues.

Pro-forma Review

Reasonable total cost per unit? Yes No

Comment:

The total cost per unit of \$866,159 is very high due to several reasons. The land acquisition was at market price in downtown Concord adjacent to the Concord BART station. The constraints of the site required project design to include podium construction with five stories above parking and Type III construction to for fire department approval. The height of the project requires payment of commercial prevailing wages which is much higher than residential prevailing wages. The most recent projection for the Veterans Square project in Pittsburg is approximately \$750,000 per unit, while the Legacy Court project is approximately \$710,000 per unit.

At or below Maximum HOME Investment Allowable? Yes No

Methodology: Gap Funding Cost of HOME Units Maximum Project Subsidy

Meets match requirement? Yes No

Pro-forma Review per Affordable Housing Program Guidelines

Developer Fee within 4-8% of total development cost? Yes No

Developer Fee meet criteria? Yes No

Criteria: Cash out cannot exceed \$1.5 million. Total fee (cash out plus deferred/sponsor contribution) cannot exceed Tax Credit allowable maximum.

Construction contingency

At least 10% for new construction? Yes No

Due to the budgeting required for the special design considerations and commercial prevailing wages, the construction contingency of 8.05% is reasonable.

Operating Budget/Cash Flow Review per Affordable Housing Program Guidelines

Break even cash flow within 18 months of initial rent-up? Yes No

Rent escalator at or below 2.5%? Yes No

Utility Allowance Method (PHA not allowed with HOME units):

HUD Utility Schedule Model Multifamily HSG Utility Allowance LIHTC Agency Estimate

Utility Company Estimate Energy Consumption Model (Engineer Model)

Project Based Section 8 (ONLY if previously awarded)? Yes No

Vacancy Rate of 5% for multifamily/senior/preservation projects? Yes No

Annual expenditure escalator at or below 3.5%? Yes No

Partnership/Asset Management Fee

At or below \$32,000 per year during Tax Credit period? Yes No

At or below \$25,000 per year after Tax Credit period? Yes No

(No escalator allowed)

Operating Reserve: At least 6 months operating costs, including debt service?

May be capitalized. Yes No

Replacement Reserve: at least 0.6% of the replacement cost of the structure per year up to \$600 per unit per year? Yes No

Includes Rental Compliance Monitoring Fee of \$250 per HOME unit per year? Yes No

Comment:

See Project Financing Table on page 1. RCD already applied for all other sources of funds in their budget with the exception of multifamily housing revenue bonds/tax credits. 1313 Galindo is the only County project that moved to the feasibility review phase of No Place Like Home funding.

Loan and Contract Terms per Affordable Housing Program Guidelines

HOME

Interest: 3 percent simple

Term: 20 year HOME term followed by a 35 year County term

Payments: Annually due from surplus cash or residual receipts. Due in full upon sale or transfer of property or end of term.

HOPWA

Interest: 0 percent

Term: 10 year HOPWA term followed by a 45 year County term

Payments: Fully deferred for 55 years

Comment:

The County will be in a co-equal lien position with the City of Concord. Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the equity investment is substantial compared to the amount of long term debt, the partnership agreement has numerous safe guards of the investors equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County HOME funds may not be fully secured through the value of the property.

Legal documents for the project will include a loan agreement, a promissory note, a deed of trust and security agreement, a regulatory agreement, an intercreditor agreement, and a subordination agreement. Other documents that may be required include an assignment and assumption agreement and one or more estoppel agreements.

4. **Project readiness/timing.** RCD won a City of Concord RFP to develop the site, and worked closely with City staff and its Housing and Economic Development Committee to finalize the development plan and receive land use entitlements. RCD owns the property site and expects to secure all financing by the end of this year.
5. **Alleviation of affordable housing needs/target population.** The project will help alleviate the need for safe, decent, affordable housing through the new development of 62 affordable one-bedroom, two-bedroom, and three-bedroom apartment units in Concord. Although all units of affordable housing are needed, larger units (three and four bedrooms), deeper affordability (extremely-low income), and permanent supportive housing are the greatest need. As proposed, one unit will be set aside for persons living with HIV/AIDS.

# of bedrooms	Total # of Units	Affordability Level	HOME-Assisted Units Proposed	HOPWA-Assisted Units Proposed	Total County-Assisted Units Proposed
1	13	30%	0	1	1
1	20	50%	7	0	7
2	16	50%	4	0	4
3	4	50%	1	0	1
1	6	60%	0	0	0
2	2	60%	0	0	0
2	1	Manager's	0	0	0
Total	62		12	1	13

6. Experience: Applicant: RCD has successfully developed 663 units of affordable housing in Contra Costa County, including units reserved for very-low and low-income households. Riviera Family Apartments is currently leasing up and Saint Paul's Commons is under construction in the City of Walnut Creek.

Ownership: The anticipated ownership structure for 1313 Galindo will be a limited partnership consisting of RCD or an affiliate of RCD as the managing general partner and an investor limited partner (to be determined) that will purchase the tax credits as part of the project's financing.

General Contractor: to be determined.

Property Management: The property management company for 1313 Galindo will be The John Stewart Company (JSCO). JSCO is a full-service housing management, development, and consulting organization. Its management portfolio contains over 200 properties in the state of California.

Financial Consultant: The financial consultant for this project is Community Economics, Inc. (CEI). Through direct technical assistance to nonprofit developers, and through involvement with local, state, and national housing policy issues, CEI has been at the forefront of the affordable housing movement, developing creative solutions and resources to meet the housing needs of low income people.

7. Local/community support. In January 2018, the City of Concord issued a Notice of Funding Availability for \$14 million in available affordable housing funds. Through that competitive process, the City of Concord has committed to providing \$7.8 million towards the project.

8. Cross-Cutting Federal Requirements

Davis Bacon Federal Prevailing Wages:

Triggered? Yes No

Residential Building

Consultant hired? Yes No

Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project. Not applicable to HOPWA.

Environmental:

Complete? Yes No

Consultant hired? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the County must receive Authority to Use Grant Funds from HUD.

Fair Housing Management and Marketing Plan:

- Received? Yes No
Meets federal fair housing requirements? Yes No
Marketing to appropriate audience? Yes No
Logo and nondiscrimination clause included? Yes No
Prior to closing, Project Sponsor will be required to submit for County approval a detailed marketing plan, sample lease, and tenant selection criteria.

Lead-Based Paint:

- Applicable (if buildings currently on-site built prior to 1978)? Yes No
If yes, the building(s) is required to be tested prior to project commencement as a requirement of the NEPA environmental review process.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 hiring: Project Sponsor, general construction contractor and subcontractors must comply with federal procurement and local hiring requirements. All procurement activities must be coordinated with County staff.

Section 504 Accessibility Requirements:

- Will five percent of the units be accessible to physically disabled households? Yes No
Will an additional two percent of the units be accessible to those with vision and/or hearing impairments? Yes No

Site and Neighborhood Standards Review:

- Applicable? Yes No
Applicable to new construction projects in areas of minority concentration (greater than 50%) or a racially mixed area (25-50%) if the project will cause a significant increase in the proportion of minority to non-minority residents.
Compliant? Yes No

Uniform Relocation Act:

- Applies to project? Yes No
General Information Notice distributed? Yes No
Consultant hired? Yes No

FY 2020/21 Contra Costa County Housing Staff Report

HSG 20-04: Neighborhood Preservation Program

SPONSOR: Contra Costa County Department of Conservation and Development (DCD)
Habitat for Humanity East Bay/Silicon Valley (Habitat), as Administrator

LOCATION: Urban County¹

PURPOSE: To preserve and maintain Urban County housing stock owned by lower income households who would otherwise be unable to rehabilitate their dwellings.

SOURCES and USES:

Proposed Sources:

FY 2020/21 CDBG Funds Request	\$233,750
FY 2019/20 Allocation Rollover	400,000
Estimated NPP Loan Repayment Funds	<u>100,000</u>
Total Sources	\$733,750

Proposed Expenditures:

New Housing Rehab Loans	\$350,000	5 new loans up to \$70,000
Lead-Based Paint Grants	7,500	3 new grants at \$2,500 average
Single-Family Grants	30,000	2 new grants up to \$15,000 each
Mobile-Home Grants	100,000	10 new grants up to \$10,000 each
Habitat Admin/Marketing	146,250	30% of loans and grants
DCD Admin (see Program Summary)	<u>100,000</u>	
Total Expenditures	\$733,750	

FY

2019/20 PERFORMANCE:

	<u>Goal</u>	<u>As of December 31, 2019</u>
*Single-Family Loan (DCD):	5	0 (0%)
*Single-Family Grant (DCD):	2	0 (0%)
Mobile-Home Grant (Habitat):	10	5 (50%)

*CDBG contract had only been valid for two weeks at this point in time

PROGRAM SUMMARY: The primary objective of the DCD’s Neighborhood Preservation Program (NPP) is to assist in the maintenance of viable communities by providing decent housing and a suitable living environment in the community, for very-low and low-income households². Specific objectives include the following:

1 The Urban County includes all of Contra Costa with the exception of the cities of Antioch, Concord, Pittsburg, and Walnut Creek.

2 Very-low income households are defined as households with income at or below 50 percent of the area median income for Contra Costa County as adjusted by HUD for household size and high/low cost areas (AMI). Low-income households are defined as households with incomes at or below 80 percent AMI.

- Eliminate slums and blight, and prevent blighting influences that cause the deterioration of property and neighborhoods.
- Eliminate conditions that are detrimental to health, safety and public welfare by rehabilitating housing that does not meet building codes.
- Stabilize and enhance older neighborhoods to encourage future investment from the private sector and from other public funds and programs.
- Develop economically integrated communities to allow very-low and low-income residents to enjoy the benefits of economic revitalization; and
- Improve the energy efficiency of homes with improvements such as insulation, doors and windows.

To achieve the above objectives, NPP will provide low interest single-family housing loans or grants for single-family housing, and mobile-home housing rehabilitation grants for very-low and low-income homeowners. Depending on financial need, loans may be low-interest deferred payment or amortized loans with monthly payments. In order to qualify for financial assistance, the household must qualify as very-low or low-income, while the home must be owner-occupied and located in the Urban County. Eligibility for loans is based on household income, ability to pay an additional monthly housing payment, and meet minimum home equity requirements. Grants are limited to essential repair work and are provided to households who do not meet the minimum eligibility requirements³ for loans.

As of July 1, 2019, Habitat for Humanity East Bay/Silicon Valley (Habitat) has been tasked with carrying out the administrative functions of the program. These functions include: applicant and property screening for eligibility; execution of environmental reviews, procurement/competitive bidding; contract awards; construction monitoring; and reporting and invoicing.

DCD's responsibilities under this program are to provide final review and approval of each application, review and approval of Habitat's completed environmental review documents per the National Environmental Policy Act (NEPA), execute legal documents with each homeowner, define the scope of work and budget, conduct physical inspections, and process Habitat's requests for reimbursement. DCD, alone, is responsible for managing the current loan portfolio and assisting past program participants.

During the current year, there has been some overlap in responsibility due to the transition. Both Habitat and DCD are working on administration of the program. DCD intends to withdraw from most of this piece, and only review/approve applicants as soon as ongoing projects are complete. Already, DCD has transferred its waitlist of over 50+ applicants to Habitat for review. Moreover, both Habitat and DCD will provide home inspections for each project.

As of March 16, 2020, both DCD and Habitat have taken safety precautions to limit the impact of the current COVID-19 public health crisis. Staff is currently working from home, still reviewing and taking in new

³ Loan eligibility requirements include the NPP rehabilitation loan plus existing indebtedness against the property shall not exceed 90% of the appraised after-improvement value of the property at the time the loan is approved. The NPP loan must be in first or second lien position, and the NPP loan must not be subordinate to reverse mortgage loan.

applications. However, home rehabilitation work has temporarily ceased because most clients are at a higher risk to contract the virus. Due to both the current state of the program and the length of time it has taken to establish the single-family assistance portion of the program, it is unlikely that Habitat will utilize its full FY 2019/20 CDBG allocation, which will be rolled over for the FY 2020/21 program year.

FUNDING RECOMMENDATION: \$233,750 in FY 2020/21 CDBG funds, and up to \$100,000 in CDBG program income from payments on current NPP loans. The FY 2019/20 rollover balance, estimated at \$400,000, will serve to offset the remaining funding request deficit. In total, the program will effectively control up to \$733,750 in CDBG funds entering FY 2020/21 (\$487,500 for direct construction costs; \$246,250 for program administration and marketing).

FY 2020/21 Request	\$733,750
Estimated Loan Repayment Funds	(\$100,000)
FY 2019/20 Rollover Funds	(400,000)
FY 2020/21 Funding Recommendation	\$233,750

RATIONALE: Staff recommends continuing the current program structure with Habitat as administrator. Habitat will continue to administer the loan and grant program, including construction management and most administrative duties. DCD will continue to approve projects, oversee the execution loan/grant legal documents, and provide a Principal Building Inspector for the development of rehabilitation scope of work items as well as inspections of the homes. Habitat has the capacity and the expertise to be the general contractor for a home approved for rehabilitation, as needed. Because Habitat administers similar rehabilitation programs for numerous local jurisdictions, they have access to more contractors and they have in-house contractor staff.

EVALUATION CRITERIA:

1. **DRAFT 2020-25 Consolidated Plan Priority:** Maintain and preserve the existing affordable housing stock (AH-3).
2. **CDBG Eligibility Activity:** Rehabilitation of privately-owned residential buildings [24 CFR 570.202 (a)].

National Objective: Improving residential structures occupied by lower income households [24 CFR 570.208 (a)(3)];

3. **Program feasibility/cost-effectiveness/budget issues.** The Neighborhood Preservation Program is an ongoing program that is in demand. NPP serves an identified need within the Urban County, and is effective in maintaining affordable housing through the provision of subsidized rehabilitation loans for very-low and low-income households.

The recommended level of CDBG funding for NPP includes revenue from the anticipated repayment of existing loans, projected unused FY 2019/20 funds, as well as a new FY 2020/21 allocation. Program income fluctuates each year; the average annual total loan repaid over the last three years is \$601,214. However,

this figure has been shrinking dramatically. Through the first three quarters of the current fiscal year, loans have been repaid in the amount of \$61,019. Interest rates were at all-time lows for much of last fiscal year, serving as a catalyst for many households to refinance and ultimately pay off their NPP loans. Interest rates have seen slight upticks for much of the current fiscal year, slowing refinance rates and lessening the number of NPP loans that have been repaid. Additionally, due to the ongoing COVID-19 public health crisis, there is now financial uncertainty for many homeowners in the final quarter of the fiscal year. This may further diminish the number of NPP loans that are repaid, as homeowners focus on more pressing issues. Finally, we have been providing less loans historically each year, with longer terms. Thus, the repayment potential in our loan portfolio decreases each year. Therefore, the estimated FY 2019/20 NPP program loan repayments is approximately \$100,000.

The revolving loans fund, rollover funds from last fiscal year, and the FY 2020/21 funding recommendation, together, represent the CDBG expenditure cap⁴ recommended for the program. To the degree that the amount of loans repaid exceeds the amount anticipated by the budget, the amount of new allocation available to the program is decreased in order to maintain the expenditure cap. Alternatively, if the amount of loans repaid is less than estimated, the program sponsor may request additional funds from the CDBG Housing Development Assistance Fund to fill the anticipated shortfall. An additional allocation would require approval by the Affordable Housing Finance Committee and/or the Board of Supervisors.

4. **Project readiness/timing.** This project is timely in that it is currently in operation. Habitat is currently administering the program, along with DCD, during this transition year. The current NPP waiting list of applicants (currently at more than 50 single-family home applications) was transferred to Habitat during the final week of November 2019. DCD continues to work on projects that were already in progress during the transfer. It is anticipated that Habitat will begin rehabilitation processes for single-family homes at the beginning of the new fiscal year. They are currently on track to meet their goal for mobile home grants.
5. **Alleviation of affordable housing needs/target population.** NPP serves to alleviate affordable housing needs in the Urban County through the rehabilitation of homes owned and occupied by very-low and low-income households. In addition to housing rehabilitation, loan funds are also made available to disabled households for accessibility improvements.

As proposed, households receiving loans must meet the following qualifications:

- Be low-income;
- Own and occupy residence to be rehabilitated;
- Be unable to obtain a conventional loan; and
- Have assets which do not exceed \$100,000 for seniors and \$50,000 for all other households.

⁴ At the end of each program year, CDBG funds obligated to loans but unexpended pending completion of rehabilitation are carried over to the next program year and the CDBG expenditure cap is increased by that amount. Unobligated CDBG funds (funds which are not committed to loans and/or funds in excess of the expenditure cap) at the end of the program year are recaptured by the CDBG program and placed in the CDBG Housing Development Assistance Fund.

Historically, the vast majority of loans have been provided to very-low income households, including many seniors living on fixed incomes.

6. **Experience.** DCD has operated the Neighborhood Preservation Program for over 40 years and is experienced in the provision of housing rehabilitation loans and technical assistance to low-income households. Although Habitat is commonly known as a developer of newly constructed single-family homes for low-income households, in the last few years it has expanded its services to include the rehabilitation of existing homes of low-income households. Habitat currently operates similar homeowner rehabilitation programs in many East Bay cities, including the cities of Walnut Creek, Concord, Fremont, Hayward, Livermore and Pleasanton. Habitat has operated the mobile home portion of NPP since FY 2017/18 and began administering NPP in its entirety during the current FY 2019/20.

7. **Local/community support.** This program is generally supported by the communities in which it operates.

8. **Cross-Cutting Federal Requirements**

Davis Bacon Federal Prevailing Wages:

Triggered? Yes No

Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project. Not applicable to HOPWA.

Environmental:

Complete? Yes No

Consultant? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the DCD must receive Authority to Use Grant Funds from HUD.

Comment:

An environmental assessment is conducted for each CDBG-assisted loan in accordance with federal regulations. Loan funds may be used for mitigation of specific environmental issues, including asbestos and lead-based paint. It is Contra Costa County's policy not to fund a project with federal funds if it is located within a 100-year flood zone.

Fair Housing Management and Marketing Plan: Marketing and outreach will be an integral part of the proposed administrative work. Key activities include:

- Outreach Marketing: Through Habitat's online presence, print media, flyer distribution, and partnerships with local agencies and organizations, Habitat's Senior Outreach Coordinator will disseminate information and marketing materials to potential applicants, including outreach to senior and community centers, case managers, worship groups, libraries, and hardware stores targeting prospective applicants. Habitat has updated and enhanced the Home Repair section of its website to feature the Contra Costa program, and will cross-link to the relevant local government and social services pages.

- Outreach Workshops: Habitat’s Outreach Manager will give oral presentations to groups of prospective applicants at senior centers, community centers, churches, and to case managers and social workers to raise awareness among eligible households. Presentations are designed to share information about the services, explain the pre-application and application processes, and to share basic information about home health and safety. Due to the COVID-19 health crisis, safety measures will be implemented during these presentations, including social distancing, and the use of protective gear.

NPP will continue to be marketed in a manner consistent with federal housing requirements. Program brochures will display the fair housing logo and will be periodically mailed to all households in identified target areas in English and Spanish.

Lead-Based Paint:

Applicable (if buildings currently on-site built prior to 1978)?

Yes No

Comment:

Grants of up to \$5,000 each will also be available to households already receiving a CDBG loan for the mitigation of lead-based paint problems. The lead-based paint grants are in response to federal regulations requiring lead-based paint mitigation in housing rehabilitated with federal funds. DCD indicated that these requirements discourage lower income households from participating in the rehabilitation program if they are required to finance the cost of the lead-based paint mitigation through an increased loan. Therefore, the lead-based paint funds will be provided as a grant in combination with a rehabilitation loan.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with Contra Costa County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 Hiring: Contractors enter into a separate agreement for each property/project and consequently this project does not require payment of prevailing wages.

Section 504 Accessibility Requirements: Not applicable.

Site and Neighborhood Standards: Not applicable.

Uniform Relocation Act:

Applies to project?

Yes No

General Information Notice distributed?

Yes No

Consultant hired?

Yes No

Comment:

Temporary relocation assistance is available if required as a result of rehabilitation (e.g., during asbestos or lead-based paint mitigation).

FY 2020/21 Contra Costa County Housing Staff Report		
HSG-20-05: Riverhouse Hotel		
Sponsor: Eden Housing Inc.		
Location: 700 Alhambra Avenue, Martinez		
Purpose: To preserve and maintain the supply of 76-units of multifamily rental housing affordable to and occupied by lower income seniors and disabled adults.		
<u>Proposed Permanent Sources (C=committed, P=proposed)</u>		
FY 2020/21 CDBG Funds Request	\$ 592,454	P
Replacement Reserves	65,828	C
Total Sources	\$ 658,282	
# units	76	
# affordable units	75	
# HOME assisted units	N/A	
Total Cost/unit	\$ 8,662	
Public Funds/affordable unit	7,899	
CDBG Funds/affordable unit	7,899	
Maximum HOME Project Subsidy	N/A	
Maximum HOME Investment Allowable (Gap Needed + \$50K Proj Delivery)	N/A	
Match Requirement (Non-Profit: 10% of CDBG Allocation)	\$ 59,245	
Match Amount (Source: Replacement Reserves)	\$ 65,828	
CDBG Leverage (Amount of other funds for each CDBG dollar requested)	\$ 0.11	
Developer Fee	\$ 40,000	
Developer Fee/Total Cost	6.08%	
Hard Cost per residential square foot	\$ 18	
Per unit Operating Expenses with reserves	\$ 6,207	
Per unit Operating Expenses without reserves	\$ 5,867	

PROJECT SUMMARY: Eden Housing, Inc. (Eden) is applying for CDBG funds for the Riverhouse Hotel project in the City of Martinez. The project is located at 700 Alhambra Avenue and consists of 40 single-room occupancy (SRO) units, 31 studio units, 4 one-bedroom units as well as one manager’s unit. The property was originally built in 1914 as a hotel and Eden acquired the project in 1996 in an effort to preserve the long-term affordability of the development. The property has not been rehabilitated since 1993, but it has undergone some capital improvements since then.

A Property Condition Report has been completed by Partner Engineering and Science, Inc. dated September 7, 2018. The Property Condition Report concluded that the property appears to be in good to fair condition. Recommended immediate repairs and deferred maintenance items including installing markings and striping on the asphalt pavement, installing seismic strapping at the boiler, and having a licensed electrician evaluate the adequacy of each unit’s circuit breakers. In addition, the report

recommended additional repairs within the next 12 years. Those repairs include exterior painting (year 4), exterior cleaning and sealing (year 5), roof replacement (year 3), replace the central water heater (year 11 and 12), modernize elevator mechanical systems (year 5), replace fire alarm panel (year 10), replace common area wall finishes (year 6), and replace commercial kitchen equipment (year 3 and 4). The replacement of individual unit finishes including carpet and kitchen appliances are recommended to be replaced as needed over the 12 year report period.

The proposed scope of work with this application for CDBG funds includes most of the long term/deferred maintenance items listed above with the exception of modernizing the elevator mechanical system. At the time of the property condition report in 2018, the elevator appeared to be in fair overall condition, but is noted to be nearing its useful life was recommended to be replaced during the 12-year evaluation period. Eden plan to include an elevator replacement as part of a larger future resyndication rehabilitation.

RECOMMENDED FUNDING: \$592,454 in CDBG

CONTINGENCIES:

1. NEPA Environmental Review completed.
2. Commencement of the rehabilitation by January 1, 2021.
3. Flood insurance is required to be obtained and maintained for the life of the building and at a minimum is required to be in the amount of the federal funds the County provides to the project [24 CFR 50.4(b)(1) and 24 CFR 58.6(a) and (b); 24 CFR 55.1(b)].

RATIONALE: The Riverhouse Hotel project is consistent with the objective of maintaining and preserving the affordable housing stock. The project is timely in that Eden owns the property and is poised to begin the rehabilitation work in November 2020.

EVALUATION CRITERIA:

1. **DRAFT 2020-25 Consolidated Plan Priority:** Maintain and preserve the existing affordable housing stock (AH-3).
2. **CDBG Eligible Activity:** Rehabilitation of privately-owned residential building [24 CFR 570.202(2)].
3. **CDBG National Objective:** Improving residential structures occupied by lower income households [24 CFR 570.208 (a)(3)].
4. **Project feasibility/cost-effectiveness/budget issues.** See table on page 1.

Pro-forma Review

Reasonable total cost per unit?

Yes No

Meets match requirement?

Yes No

Comment:

The proposed replacement reserves of \$65,828 exceeds the \$59,245 match requirement.

Pro-forma Review per Affordable Housing Program Guidelines

Developer Fee within 4-8% of total development cost?

Yes No

Developer Fee meet criteria?

Yes No

Criteria: Cash out cannot exceed \$1.5 million. Total fee (cash out plus deferred/sponsor contribution) cannot exceed Tax Credit allowable maximum.

Construction contingency

At least 15% for rehabilitation?

Yes No

Operating Budget/Cash Flow Review per Affordable Housing Program Guidelines

Break even cash flow within 18 months of initial rent-up?

Yes No

Rent escalator at or below 2.5%?

Yes No

Project Based Section 8 (ONLY if previously awarded)?

Yes No

Vacancy Rate of 5% for multifamily/senior/preservation projects or 10% for SRO and/or special needs?

Yes No

Annual expenditure escalator at or below 3.5%? N/A

Yes No

Partnership/Asset Management Fee N/A

At or below \$32,000 per year during Tax Credit period?

Yes No

At or below \$25,000 per year after Tax Credit period?

Yes No

(No escalator allowed)

Replacement Reserve: at least 0.6% of the replacement cost of the structure per year up to \$600 per unit per year?

Yes No

Loan and Contract Terms per Affordable Housing Program Guidelines

CDBG

Interest: 3 percent simple

Term: 55 year County term

Payments: Annually due from surplus cash or residual receipts. Due in full upon sale or transfer of property or end of term.

Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the equity investment is substantial compared to the amount of long term debt, the partnership agreement has numerous safe guards of the investors equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County funds may not be fully secured through the value of the property.

Legal documents for the project will include a loan agreement, a promissory note, a deed of trust and security agreement, and a regulatory agreement. Other documents that may be required include an assignment and assumption agreement and one or more estoppel agreements.

5. **Project readiness/timing.** The project is timely in that Eden currently owns the development and is expected to start the rehabilitation by November 1, 2020.

6. **Alleviation of affordable housing needs/target population.**

Rental per the Affordable Housing Program Guidelines– HUD: 100% HOME assisted at 80%, 20% HOME at 50%, County: 10% HOME at 30%. 100% at 50%

Ownership per the Affordable Housing Program Guidelines – 100% at 80%

The project will help alleviate the need for safe, decent, affordable housing through the new preservation of 76 affordable one-bedroom, two-bedroom and three-bedroom apartment units in Martinez.

# of bedrooms	Total # of Units	Affordability Level
SRO	40	50%
Studio	6	30%
Studio	25	60%
1	2	30%
1	2	60%
2	1	Manager's
Total		

7. Experience/Capacity

Applicant: Eden is a California nonprofit public health benefit corporation with over 50 years of experience developing quality affordable housing in northern California’s Bay Area, and beyond. Since its inception in 1968, Eden has developed or acquired more than 10,600 affordable residential units in 149 separate developments located throughout Northern California.

Ownership: Riverhouse Hotel is owned and operated by Riverhouse Associates, which is an affiliate of Eden and shares a common Board of Directors. The ownership entity was established in 1991.

Property Management: Property Operations is managed by Eden Housing Management, Inc. (EHMI), Eden’s affiliated management company. EHMI is among the largest nonprofit managers of affordable housing in the Bay Area. As an affiliate of the applicant and developer, EHMI has a long-term stake in ensuring the properties are well-managed and maintained. There are 12 properties in Contra Costa County that Eden currently manages and reports to the County. Since 2017, there have been issues with late or non-submittal of quarterly or annual reports to the County, missing units, and flags in the online reporting system. The County continues to work with Eden on improving their reporting and property compliance, and there has been progress made in this on-going situation.

8. Local/community support. The City of Martinez is supportive of the proposed project for capital improvements at Riverhouse Hotel.

9. Cross-Cutting Federal Requirements

Davis Bacon Federal Prevailing Wages:

Triggered? Yes No

Residential Building

Consultant? Yes No

Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project.

Not applicable to HOPWA.

Environmental:

Complete? Yes No

Consultant? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the County must receive Authority to Use Grant Funds from HUD.

Comment:

There is known asbestos containing materials at the property and will be required to be mitigated through the NEPA environmental review process. The flood hazard zone designation at the property is AO and is considered a Special Flood Hazard Area or 100-year flood zone. Flood insurance will be required to be obtained by Eden as a NEPA mitigation as well as a condition of approval for the CDBG funding.

Fair Housing Management and Marketing Plan:

Received? Yes No

Meets federal fair housing requirements? Yes No

Marketing to appropriate audience? Yes No

Logo and nondiscrimination clause included? Yes No

Prior to closing, Project Sponsor will be required to submit for County approval a detailed marketing plan, sample lease, and tenant selection criteria.

Lead-Based Paint:

Applicable (if buildings currently on-site built prior to 1978)? Yes No

If yes, the building(s) is required to be tested prior to project commencement as a requirement of the NEPA environmental review process.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 hiring: Project Sponsor, general construction contractor and subcontractors must comply with federal procurement and local hiring requirements. All procurement activities must be coordinated with County staff.

Section 504 Accessibility Requirements:

Will five percent of the units be accessible to physically disabled households? Yes No

Will an additional two percent of the units be accessible to those with vision and/or hearing impairments? Yes No

Site and Neighborhood Standards Review:

Applicable? Yes No

Applicable to new construction projects in areas of minority concentration (greater than 50%) or a racially mixed area (25-50%) if the project will cause a significant increase in the proportion of minority to non-minority residents.

Compliant? Yes No

Uniform Relocation Act:

Applies to project?

Yes No

General Information Notice distributed?

Yes No

Consultant hired?

Yes No

Comment:

This project is subject to the URA, however, the scope of the proposed rehabilitation can be completed without requiring tenants to move out temporarily or permanently from their units.

FY 2020/21 Contra Costa County Housing Staff Report		
HSG-20-06: Emerson Arms		
Sponsor: Eden Housing Inc.		
Location: 326 Ward Street, Martinez		
Purpose: To preserve and maintain the supply of 32-units of multifamily rental housing affordable to and occupied by lower income households.		
<u>Proposed Permanent Sources (C=committed, P=proposed)</u>		
FY 2020/21 CDBG Funds Request	\$ 500,000	P
Shell US Grant	55,000	P
Replacement Reserves	15,220	C
Total Sources	\$ 570,220	
# units	32	
# affordable units	31	
# HOME assisted units	N/A	
Total Cost/unit	\$ 17,819	
Public Funds/affordable unit	16,129	
CDBG Funds/affordable unit	16,129	
Maximum HOME Project Subsidy	N/A	
Maximum HOME Investment Allowable (Gap Needed + \$50K Proj Delivery)	N/A	
Match Requirement (Non-Profit: 10% of CDBG Allocation)	\$ 50,000	
Match Amount (Source: Shell US Grant)	\$ 55,000	
CDBG Leverage	\$ 0.14	
(Amount of other funds for each CDBG dollar requested)		
Developer Fee	\$ 35,000	
Developer Fee/Total Cost	6.14%	
Hard Cost per residential square foot	\$ 20	
Per unit Operating Expenses with reserves	\$ 9,351	
Per unit Operating Expenses without reserves	\$ 8,747	

PROJECT SUMMARY: Eden Housing, Inc. (Eden) is applying for CDBG funds for the Emerson Arms project in the City of Martinez. The project is located at 326 Ward Street and consists of 2 one-bedroom units and 29 two-bedroom units as well as one manager’s unit. The property was originally built in 1973 and Eden acquired the project in 1995 in an effort to preserve the long-term affordability of the development. The 1995 acquisition plan included a modest rehabilitation plan of the property. In 2003, additional rehabilitation was completed with the assistance of a CDBG loan of \$1,360,622. The current outstanding principal on this loan is \$253,652.32. The property receives rental subsidy for each unit under the terms of the Project Rental Assistance Contract (PRAC) with HUD. The current contract with HUD will expire on April 1, 2029.

A Property Condition Report has been completed by Partner Engineering and Science, Inc. dated September 7, 2018. The Property Condition Report concluded that the property appears to be in good condition. Recommended immediate repairs and deferred maintenance items including striping the parking garage, tree pruning, landscaping improvements, structural beams in the trash enclosure had evidence of termite damage, and providing an intercom system between the inaccessible leasing office on the second floor and the first floor accessible parking spaces to request assistance.

Of the above items listed above all of the immediate repairs and deferred maintenance items are proposed scope of work items with this CDBG application for funding or part of a separate immediate project that is either already underway or will be completed prior to the start of the CDBG funded proposed project. The recommended new intercom system between the inaccessible leasing office on the second floor and the first floor accessible parking spaces is the only items not proposed to be completed.

RECOMMENDED CDBG FUNDING: \$500,000

CONTINGENCIES:

1. NEPA Environmental Review completed including but not limited to asbestos mitigations.
2. Commencement of the rehabilitation by January 1, 2021.

RATIONALE: The Emerson Arms project is consistent with the objective of maintaining and preserving the affordable housing stock. The project is timely in that Eden owns the property and is poised to begin rehabilitation work in November 2020.

EVALUATION CRITERIA:

1. **DRAFT 2020-25 Consolidated Plan Priority:** Maintain and preserve the existing affordable housing stock (AH-3).
2. **CDBG Eligible Activity:** Rehabilitation of privately-owned residential building [24 CFR 570.202(2)].
3. **CDBG National Objective:** Improving residential structures occupied by lower income households [24 CFR 570.208 (a)(3)].
4. **Project feasibility/cost-effectiveness/budget issues.** See table on page 1.

Pro-forma Review

Reasonable total cost per unit? Yes No

Meets match requirement? Yes No

Comment:

The proposed Shell US Grant of \$55,000 exceeds the \$50,000 match requirement.

Pro-forma Review per Affordable Housing Program Guidelines

Developer Fee within 4-8% of total development cost? Yes No

Developer Fee meet criteria? Yes No

Criteria: Cash out cannot exceed \$1.5 million. Total fee (cash out plus deferred/sponsor contribution) cannot exceed Tax Credit allowable maximum.

Construction contingency

At least 15% for rehabilitation? Yes No

Operating Budget/Cash Flow Review per Affordable Housing Program Guidelines

- Rent escalator at or below 2.5%? Yes No
- Project Based Section 8 (ONLY if previously awarded)? Yes No
- Vacancy Rate of 5% for multifamily/senior/preservation projects or 10% for SRO and/or special needs? Yes No
- Annual expenditure escalator at or below 3.5%? Yes No
- Partnership/Asset Management Fee N/A
- At or below \$32,000 per year during Tax Credit period? Yes No
- At or below \$25,000 per year after Tax Credit period? Yes No
(No escalator allowed)
- Replacement Reserve: at least 0.6% of the replacement cost of the structure per year up to \$600 per unit per year? Yes No

Loan and Contract Terms per Affordable Housing Program Guidelines

CDBG

Interest: 3 percent simple

Term: 55 year County term

Payments: Annually due from surplus cash or residual receipts. Due in full upon sale or transfer of property or end of term.

Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the equity investment is substantial compared to the amount of long term debt, the partnership agreement has numerous safe guards of the investors equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County funds may not be fully secured through the value of the property.

Legal documents for the project will include a loan agreement, a promissory note, a deed of trust and security agreement, and a regulatory agreement. Other documents that may be required include an assignment and assumption agreement and one or more estoppel agreements.

5. Project readiness/timing. The project is timely in that Eden currently owns the development and is expected to start the rehabilitation by November 1, 2020.

6. Alleviation of affordable housing needs/target population.

Rental per the Affordable Housing Program Guidelines– HUD: 100% HOME assisted at 80%, 20% HOME at 50%, County: 10% HOME at 30%. 100% at 50%

Ownership per the Affordable Housing Program Guidelines – 100% at 80%

The project will help alleviate the need for safe, decent, affordable housing through the preservation of 32 affordable one-bedroom, two-bedroom and three-bedroom apartment units in Martinez.

# of bedrooms	Total # of Units	Affordability Level
1	1	30%
1	1	50%
2	1	30%
2	27	50%
2	1	80%
2	1	Manager's
Total	32	

7. Experience/Capacity

Applicant: Eden is a California nonprofit public benefit corporation with over 50 years of experience developing quality affordable housing in northern California’s Bay Area, and beyond. Since its inception in 1968, Eden has developed or acquired more than 10,600 affordable residential units in 149 separate developments located throughout Northern California.

Ownership: Emerson Arms is owned and operated by Contra Costa Housing Corporation, which is an affiliate of Eden and shares a common Board of Directors. The ownership entity was established in 1994.

Property Management: Property Operations is managed by Eden Housing Management, Inc. (EHMI), Eden’s affiliated management company. EHMI is among the largest nonprofit managers of affordable housing in the Bay Area. As an affiliate of the applicant and developer, EHMI has a long-term stake in ensuring the properties are well-managed and maintained. There are 12 properties in Contra Costa County that Eden currently manages and reports to the County. Since 2017, there have been issues with late or non-submittal of quarterly or annual reports to the County, missing units, and flags in the online reporting system. The County continues to work with Eden on improving their reporting and property compliance, and there has been progress made in this on-going situation.

8. Local/community support. The City of Martinez is supportive of the proposed project for capital improvements at Emerson Arms.

9. Cross-Cutting Federal Requirements

Davis Bacon Federal Prevailing Wages:

Triggered? Yes No

Residential Building

Consultant? Yes No

Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project. Not applicable to HOPWA.

Environmental:

Complete? Yes No

Consultant? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the County must receive Authority to Use Grant Funds from HUD.

Comment:

There is known asbestos containing materials at the property and will be required to be mitigated through the NEPA environmental review process.

Fair Housing Management and Marketing Plan:

Received? Yes No
Meets federal fair housing requirements? Yes No
Marketing to appropriate audience? Yes No
Logo and nondiscrimination clause included? Yes No
Prior to closing, Project Sponsor will be required to submit for County approval a detailed marketing plan, sample lease, and tenant selection criteria.

Lead-Based Paint:

Applicable (if buildings currently on-site built prior to 1978)? Yes No
If yes, the building(s) is required to be tested prior to project commencement as a requirement of the NEPA environmental review process.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 hiring: Project Sponsor, general construction contractor and subcontractors must comply with federal procurement and local hiring requirements. All procurement activities must be coordinated with County staff.

Section 504 Accessibility Requirements:

Will five percent of the units be accessible to physically disabled households? Yes No
Will an additional two percent of the units be accessible to those with vision and/or hearing impairments? Yes No

Site and Neighborhood Standards Review:

Applicable? Yes No
Applicable to new construction projects in areas of minority concentration (greater than 50%) or a racially mixed area (25-50%) if the project will cause a significant increase in the proportion of minority to non-minority residents.
Compliant? Yes No

Uniform Relocation Act:

Applies to project? Yes No
General Information Notice distributed? Yes No
Consultant hired? Yes No
Comment:

This project is subject to the URA, however, the scope of the proposed rehabilitation can be completed without requiring tenants to move out temporarily or permanently from their units.

FY 2020/21 **Contra Costa County Housing Staff Report**
HSG 20-08: RNHS Scattered Site #3
SPONSOR: Richmond Neighborhood Housing Services
LOCATION: City of Richmond

PROJECT PURPOSE: To preserve and maintain the supply of affordable housing through the rehabilitation of 4 single-family homes in the City of Richmond.

BUDGET:

<u>Proposed Sources:</u>		
FY 2020/21 CDBG Funds Request	\$332,698	
RNHS Match	<u>36,966</u>	Committed
Total Sources	\$369,665	
Total cost/unit (4):	\$92,416	

PAST PERFORMANCE:

	<u>CDBG Funds</u> <u>Awarded</u>	<u>CDBG Funds</u> <u>Expended</u>	<u>Goal</u>	<u>Complete</u>
Phase 1 FY 2017/18	\$280,000	\$130,000	3 units	3 units
Phase 2 FY 2018/19	\$151,000	\$0	3 units	0 units

PROGRAM SUMMARY: As proposed, Richmond Neighborhood Housing Services (RNHS) will implement Phase 3 of the Richmond Rental Rehabilitation Program (Program) to rehabilitate 16 single-family rental units on the south side of Richmond. The CDBG funds awarded to the Program are in the form of loans. RNHS was awarded \$280,000 in FY 2017/18 CDBG funds to begin Phase 1 to rehabilitate one to three units of the 16 total units within RNHS’s property portfolio. The repairs on a triplex residential building were completed, expending \$130,000 in CDBG funds. The remaining funds will be used for other units identified in the Program.

In FY 2018/19, RNHS was awarded \$151,000 in CDBG funds to implement Phase 2 of the Program to rehabilitate another two to three rental units. Loan documents are being executed to begin repairs at one of the single family residences. The scope of work triggered temporary relocation of the tenants currently living in the home so the construction work at the house will be delayed until the Shelter in Place is lifted and the tenants can be temporarily relocated. An allocation of \$95,000 was awarded to the Program in FY 2019/20 to cover the costs of relocation.

This Phase 3 request is for the rehabilitation of an additional four single family homes. The reason for the phased approach is due to the level of repair and associated cost needed for the units.

RECOMMENDED CDBG FUNDING: \$332,698 to rehabilitate up to four houses in FY 2020/21.

RATIONALE: The program is eligible and consistent with the draft FY 2020-2025 Contra Costa Consolidated Plan priorities. All of the units are currently occupied by low-income households and the rehabilitation of the 4 units will preserve existing affordable housing in the County. Staff recommendation is to continue to implement the

program through a phased approach in which up to four properties are rehabilitated per year over the next three to five years until all units are rehabilitated and all needs are met.

EVALUATION CRITERIA:

1. **DRAFT 2020-25 Consolidated Plan Priority:** Maintain and preserve the existing affordable housing stock (AH-3).
2. **CDBG Eligibility Activity:** Rehabilitation of privately-owned residential buildings [24 CFR 570.202 (a)].
3. **National Objective:** Improving residential structures occupied by lower income households [24 CFR 570.208 (a)(3)].
4. **Program feasibility/cost-effectiveness/budget issues.** As proposed, this allocation of funds will allow RNHS to continue rehabilitating their portfolio of rental units in the City of Richmond. Phase 3 is proposed to rehabilitate up to four homes. The CDBG funds are awarded as individual loans on each site. RNHS is providing the match funds necessary to complete the Program. The range of per unit costs is expected to be \$60,000-\$80,000.
5. **Project readiness/timing.** The project is timely as it is ongoing being completed in a phased approach to rehabilitate all 16 rental units.
6. **Alleviation of affordable housing needs/target population.** This project will rehabilitate homes currently occupied by extremely-low and very-low income households.
7. **Experience.** RNHS was established in 1981 by dedicated low-income Richmond residents to address housing needs within the community and was created to strengthen low income families and neighborhoods through the development and management of housing projects. The cornerstone of the organization’s mission is to ensure that Richmond residents have access to affordable housing. As a HUD-approved Housing Counseling Agency, RNHS educates first-time homebuyers, facilitates homeownership, and provides foreclosure mitigation support for low-income households. RNHS has worked to reverse the adverse effects of systemic segregation, redlining, disinvestment and blight. RNHS currently has a portfolio of 19 properties that includes both single-family and multifamily housing units.
8. **Local/community support.** The City of Richmond is supportive of this rehabilitation effort.
9. **Cross-Cutting Federal Requirements**
Davis Bacon Federal Prevailing Wages:
Triggered? Yes No
Triggered if more than 11 HOME-assisted units or 8 or more total units in CDBG funded project. Not applicable to HOPWA.

Environmental:

Complete? Yes No

Consultant? Yes No

Before federal funds can be committed (i.e. enter into contractual agreement), the County must receive Authority to Use Grant Funds from HUD.

Comment:

An environmental assessment is conducted for each CDBG-assisted loan in accordance with federal regulations. Loan funds may be used for mitigation of specific environmental issues, including asbestos and lead-based paint. It is the County's policy not to fund a project with federal funds if it is located within a 100-year flood zone.

Fair Housing Management and Marketing Plan: RNHS advertises property rental opportunities in accordance with equal opportunity and fair housing objectives. The properties in RNHS's current rental portfolio experience a low rate of turnover with a very low vacancy rate.

Lead-Based Paint:

Applicable (if buildings currently on-site built prior to 1978)? Yes No

Comment:

Each home will be tested prior to executing loan documents for funding as part of the NEPA environmental review process.

Nondiscrimination and Equal Access: No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any project funded with County funds. This includes employment and contracting, as well as to marketing and selection of residents.

Procurement and Section 3 Hiring: Contractors enter into a separate agreement for each property/project and consequently this project does not require payment of prevailing wages.

Section 504 Accessibility Requirements: Not applicable.

Site and Neighborhood Standards: Not applicable.

Uniform Relocation Act:

Applies to project? Yes No

General Information Notice distributed? Yes No

Consultant hired? Yes No

Comment:

Temporary relocation may be required during the rehabilitation of some homes. County staff will work with RNHS and their relocation consultant to ensure the tenants are properly notified and costs are covered.