



# Monterey County

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## Board Report

Legistar File Number: 15-0617

June 23, 2015

**Introduced:** 6/2/2015

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Approve the Assignment and Substitution Agreement and Third Amendment to Amended and Restated Limited Partnership Agreement of Salinas Road Associates; and,
- b. Authorize the Director of Economic Development to sign the Assignment and Substitution Agreement and Third Amendment to Amended and Restated Limited Partnership Agreement of Salinas Road Associates.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the Assignment and Substitution Agreement and Third Amendment to Amended and Restated Limited Partnership Agreement of Salinas Road Associates; and,
- b. Authorize the Director of Economic Development to sign the Assignment and Substitution Agreement and Third Amendment to Amended and Restated Limited Partnership Agreement of Salinas Road Associates.

### SUMMARY:

Both the former Redevelopment Agency of the County of Monterey and the County of Monterey lent funds to Salinas Road Associates, a California limited partnership, of which South County Housing Corporation (SCHC) is the general partner. These loans, in addition to other sources of financing, provided financing for construction of 63 affordable apartments on 15 Salinas Road in Pajaro, Monterey County (the Nuevo Amanacer apartments). The recommended actions will allow a new general partner to assume responsibility for SCHC's general partner interest and liabilities as SCHC winds up its business operations, enabling continued management of the Nuevo Amanacer apartments as affordable housing and facilitating repayment of these loans.

### DISCUSSION:

SCHC is an affordable housing developer and currently operates eight affordable housing complexes in Monterey County, including the Nuevo Amanacer apartments in Pajaro. SCHC is in the process of closing down all operations. SCHC has chosen Eden South County, Inc. (Eden) to assume responsibility for most of SCHC's affordable housing developments after SCHC ceases operation. Eden, as sole member/manager of Nuevo Amanacer LLC, will take over SCHC's general partnership interests and obligations in the Salinas Road Associates LLP and manage the Nuevo Amanacer apartments.

The Nuevo Amanacer apartments are a 63-unit, affordable housing rental project in Pajaro,

Monterey. Financing for this project came from seven different sources, including a County loan of \$3,400,000 utilizing State HOME funds (the County HOME loan) and a Redevelopment Agency of the County of Monterey loan of \$1,600,000 (the Agency loan). The Agency and County HOME loans are due in 2060. SCHC is required to repay both loans from cash flow on a residual receipts basis. The recommended action will allow Nuevo Amanacer, LLC, to assume general partner interests in the Salinas Road Associates LLP. This will provide for continued management and operation of the Nuevo Amanacer apartments as affordable housing.

The Board is asked to authorize approval of the assignment and substitution agreement of general partnership rights and obligations both in its capacity as Housing Successor Agency to the former Redevelopment Agency of the County of Monterey and for the County of Monterey.

OTHER AGENCY INVOLVEMENT:

County Counsel has approved the Agreement as to form.

FINANCING:

There is no impact on the General Fund. Because the loan was funded using HOME Program and Housing Successor Agency funds, any repaid principal and interest will be deposited to Fund 013 (Community Development) or Fund 175 (Castroville-Pajaro Housing Set-Aside) depending on the loan receiving the payment.

Prepared by: Jane Royer Barr, Housing Program Manager, x5389

Approved by: David Spaur, CEcD, Economic Development Director, x5387

Attachments:

Nuevo Amanacer Assignment and Substitution Agreement and Third Amendment