



# Monterey County

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## Board Report

Legistar File Number: 15-0617

June 23, 2015

**Introduced:** 6/2/2015

**Current Status:** Draft

**Version:** 1

**Matter Type:** General Agenda Item

- a. Approve document assigning general partnership rights and obligations in the Salinas Road Associates limited partnership, from South County Housing Corporation to Nuevo Amanecer LLC, to enable continued management of the Nuevo Amanecer apartments in Pajaro, Monterey as affordable housing and to facilitate the repayment of loans used to finance construction of these apartments to the County; and,
- b. Authorize the Director of Economic Development to sign indicating County approval of this document, 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 document assigning general partnership rights and obligations in the Salinas Road Associates limited partnership, from South County Housing Corporation to Nuevo Amanecer LLC, to enable continued management of the Nuevo Amanecer apartments in Pajaro, Monterey as affordable housing and to facilitate the repayment of loans used to finance construction of these apartments to the County; and,
- b. Authorize the Director of Economic Development to sign indicating County approval of this document, the Assignment and Substitution Agreement and Third Amendment to Amended and Restated Limited Partnership Agreement of Salinas Road Associates.

### SUMMARY:

Both the 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 a general partner. These loans, in addition to other sources, provided financing for construction of 63 affordable apartments at 15 Salinas Road in Pajaro, Monterey County (the Nuevo Amanecer 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 Amanecer 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 Amanecer apartments in Pajaro. SCHC is in the process of closing down all operations by June 30, 2015. SCHC has chosen Eden Housing, Inc. (Eden) to assume responsibility for most of SCHC's affordable housing developments after SCHC ceases operation. Eden is the sole member/manager of Nuevo

Amanacer LLC, which would take over SCHC's general partnership interests and obligations in the Salinas Road Associates LLP and would 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, and a loan of \$1,600,000 from the Redevelopment Agency of the County of Monterey. The County's \$3,400,000 loan was funded utilizing State HOME funds (the County HOME loan). The County HOME loan is due in 2060 and requires SCHC to make annual repayment from cash flow on a residual receipts basis. The recommended action will allow Nuevo Amanacer, LLC, established by Eden, to perform as general partner in the Salinas Road Associates LLP and thereby facilitate its repayment of the County's HOME loan and continued management of the Nuevo Amanacer apartments as affordable housing.

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 funds, any repaid principal and interest will be deposited in Fund 013 (Community Development) may only be used for other HOME Program eligible activities.

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