



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 13-082, **Version:** 1

- a. Approve a Housing and Financing Regulatory Agreement and Declaration Of Restrictive Covenants for Rockrose Gardens; and
- b. Authorize the Director of Economic Development to execute the Agreement and make minor modifications as necessary.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve a Housing and Financing Regulatory Agreement and Declaration Of Restrictive Covenants for Rockrose Gardens; and
- b. Authorize the Director of Economic Development to execute the Agreement and make minor modifications as necessary.

SUMMARY:

The County received a Neighborhood Stabilization Program 3 (NSP3) grant in the amount of \$1,284,794 from the U.S. Department of Housing and Urban Development (HUD) in March of 2011. To date, just over \$800,000 of the grant funds have been expended. One of the grant activities proposed to meet the HUD requirement of support for individuals earning less than 50% of the Area Median Income (AMI) is Interim's Rockrose Gardens affordable rental housing project for psychiatrically disabled located in Marina. The recommended action is to approve a Regulatory Agreement and Declaration of Restrictive Covenants for the project.

DISCUSSION:

One of the County's NSP3 activities approved by HUD is for financial assistance to Interim, Inc.'s Rockrose Gardens. This affordable housing project benefits households earning 50% or less of the AMI. Interim, Inc. is a local non-profit developer and service provider with a mission of aiding people with psychiatric disabilities. Rockrose Housing Corporation, an affiliated entity, will acquire the site, demolish the existing buildings, and construct a manager's unit and twenty units of affordable multi-family housing for persons with psychiatric disabilities.

The County provided NSP3 funds for pre-development costs for the project in March of 2013. Interim is now ready to acquire the site and proceed with construction. The County's NSP3 loan will convert to a grant at the time of acquisition and construction loan close. Conversion of the loan to a grant is consistent with the HUD-approved NSP3 Action Plan. It is expected that the project's acquisition of the site and construction close will occur in July of 2013 with construction to begin no later than August of 2013. Completion is estimated for August of 2014.

On February 26, 2013, the County conducted a public hearing and approved a financing mechanism for a loan of \$325,000 to the Rockrose project for pre-development costs prior to site acquisition. Subsequently, the County funded \$300,646 of the commitment for pre-development costs in March of 2013, thus meeting HUD expenditure milestones. The balance of the pre-development funding in the amount of \$24,354 will be drawn down in June. Interim is now ready to acquire the site and proceed with construction. The County's NSP3 loan will convert to a grant at the time of acquisition and construction loan close. Conversion of the loan to a grant

is consistent with the HUD-approved NSP3 Action Plan. The Total Development cost of the Rockrose Gardens project is \$5,609,222. Other funding sources include HUD 811, County Mental Health Services Act, State HOME, Federal Home Loan Bank Affordable Housing Program, and Owner equity. It is expected that acquisition of the site and construction close will occur in July of 2013 with construction to begin no later than August of 2013. Completion is estimated for August of 2014. Remaining milestones for grant compliance will be occupancy by very low income special needs households. The County's NSP3 Regulatory Agreement and Declaration of Restrictive Covenants provides for restricted rents for a term of 55 years.

OTHER AGENCY INVOLVEMENT:

The Board of Supervisors approved the pre-development loan and associated documents on February 26, 2013. County Counsel has reviewed and approved the Agreement as to form.

FINANCING:

There is no impact to the General Fund as a result of this action. Revenue and expenses associated with the NSP3 grant are budgeted in FY 2012-13 Adopted Budget Community Development, Fund 013, Unit 8200.

Prepared by:

Jane Royer Barr, Housing Program Manager
Housing Office - Economic Development Department
(831) 755-5389

Approved by:

David L. Spaur, Director
Economic Development Director
(831) 755-5387

Attachments: Housing and Financing Regulatory Agreement and Declaration of Restrictive Covenants