



## Board Report

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**File #: 16-535, Version: 1**

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- a. Approve the Assignment and Assumption of a Redevelopment Housing Set-Aside loan made by the Housing Successor Agency of the Redevelopment Agency of Monterey County from South County Housing Corporation to Jardines LLC; and
- b. Authorize the Director of Economic Development to sign the Assignment and Assumption Agreement and associated loan documents, as needed.

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Approve the Assignment and Assumption of a Redevelopment Housing Set-Aside Loan made by the Housing Successor Agency of the Redevelopment Agency of Monterey County from South County Housing Corporation to Jardines LLC; and,
- b. Authorize the Director of Economic Development to sign the Assignment and Assumption Agreement and associated loan documents, as needed.

### **SUMMARY:**

In 2001, the Redevelopment Agency made a \$400,000 predevelopment loan to South County Housing Corporation (SCHC) to purchase property for two affordable housing projects in Boronda. The loan was funded with money from the Redevelopment Housing Set-Aside Trust Fund. The property has been developed with 15-units of farm worker rental housing, 22-units of owner occupied homes, and a vacant drainage basin (Lot 16). The recommended action will allow Jardines LLC to assume SCHC's obligations related to the predevelopment loan.

### **DISCUSSION:**

SCHC was an affordable housing developer that developed eight affordable housing complexes in Monterey County. SCHC has ceased operations and Eden Housing has assumed operational responsibility for most of SCHC's housing complexes, Eden is now assuming legal ownership and the outstanding obligations related to the development of the Boronda Oaks and Jardines de Boronda projects through its subsidiary Jardines LLC. The Board of Supervisors approved the Assignment and Assumption of the Jardines de Boronda "Apartment Loan" in June 2015. The predevelopment loan is the last outstanding SCHC obligation related to these projects that has not been settled or assumed. In order to conclude SCHC's operations, Jardines LLC is willing to assume the responsibility for the outstanding predevelopment loan balance and for future development of the remaining lot as affordable housing.

The County, utilizing the Redevelopment Housing Set-Aside Trust Fund, loaned SCHC \$400,000 to acquire property in Boronda. SCHC subsequently developed two affordable housing projects on the land: the Boronda Oaks self-help single family homes and the 15-unit Jardines de Boronda farm worker apartments. The loan was secured by the property and partially repaid from the sale of lots for the single family homes.

Due to unresolved flood control issues, SCHC was required to retain one parcel (Lot 16) as a drainage basin. In December 2009, the Redevelopment Agency and SCHC recognized that continued accrual of interest on the predevelopment loan balance would ultimately make development of the lot as affordable housing impossible. Thus, the loan agreement and associated promissory note were amended to make the note interest free going

forward. The outstanding amount (\$150,000 of principal and \$19,902.74 in interest) is now due on the earlier of either sale of the remaining lot or on December 17, 2017.

The Assignment and Assumption Agreement incorporates this and other prior amendments to the predevelopment loan. It transfers responsibility for repayment of predevelopment loan principal and interest and for implementing affordable housing restrictions from SCHC to Jardines LLC, a subsidiary of Eden South County, Inc. As part of the Assignment and Assumption, the predevelopment loan term will be extended to June 16, 2039 to be co-terminus with the Apartment loan on the Jardines de Boronda project.

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed the Assignment and Assumption Agreement as to form.

**FINANCING:**

There is no impact on the General Fund. Because the loan was funded using money from Redevelopment Housing Set-Aside Trust Fund, any repaid principal and interest may only be used for other affordable housing projects. These funds are in Fund 176, Unit 8202 Appropriations Unit DEO013.

Prepared by: \_\_\_\_\_  
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Approved by: \_\_\_\_\_  
David L. Spaur, CEcD, EDFP, Economic Development Director, Ext. 5387

**Attachments:**

Assignment and Assumption Agreement (\$169,902.74 Housing Successor Agency Loan)  
(Attachments are on file with the Clerk of the Board)