

New Hope Community Development Corporation

BOARD OF DIRECTORS

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DATE: December 3, 2009
TO: New Hope CDC Board of Directors
FROM: Lisa A. Baker, Executive Director
SUBJECT: **Ratify Execution by Executive Director of Tax Credit Allocation Committee (TCAC) American Recovery and Reinvestment Act (ARRA) TCAP Loan Agreement**

RECOMMENDED ACTIONS:

That the Board of Directors ratify execution of the TCAC ARRA TCAP Loan Agreement for Rochdale Grange.

BACKGROUND / DISCUSSION:

Rochdale Grange is a new project with a set-aside of units for the disabled. The project is located on Heritage Parkway in the Spring Lake subdivision of Woodland. Rents are estimated to be set at 35% of annual median income and 50% of annual median income (AMI), in order to make units affordable to persons who receive Social Security or Supplemental Security Income (SSI) and to working households. The project proposes 44 units, of which 65% would be set at 50% of AMI and the balance at the 35% of AMI.

On September 25, 2007, the Board authorized the Executive Director to enter into a General Partners Agreement for the development of Rochdale Grange and authorized New Hope to make application for MHP funds. On September 4, 2008, the Board approved New Hope CDC's entering into the Limited Partnership Agreement to continue to develop the Rochdale Grange project. Construction is set to begin on this project on January 2, 2010. A groundbreaking event was held on December 1, 2009.

Rochdale Grange had received an allocation of 4% tax credits from the Tax Credit Allocation Committee (TCAC), but was unable to find an investment partner. As a result, the development partner, Neighborhood Partners, was able to exchange the tax credits for a loan from ARRA funds, thus helping to ensure that the Project would continue to move forward.

New Hope CDC is managing general partner for the Partnership developing Rochdale Grange. As such, it is required that the appropriate loan documents and commitments be executed by the general managing partner on behalf of the Partnership.

Because of the short time line in which to execute the document, the Executive Director, acting in accordance with earlier Board direction regarding development of Rochdale Grange, executed the TCAC ARRA Loan Agreement and requests that the Board ratify this execution.

This loan agreement allows the Project to receive the loan from the State from ARRA funds in lieu of its earlier tax credit commitment.

FISCAL IMPACT:

None at this time. Failure to execute would have meant that the Project would not receive the TCAC ARRA funds.

CONCLUSION:

Staff recommends that the Board ratify the execution

Attachment: Loan Agreement