



Yolo County Housing

Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

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DATE: December 8, 2012
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
SUBJECT: **Review and Approve and Adopt Resolution Authorizing 1) The Formation of a Limited Partnership Whose Managing Partner will be New Hope Community Development Corporation and Whose Initial Limited Partner will be the Housing Authority, 2) Acquisition and Rehabilitation of Crosswoods Apartments by the Partnership, and 3) Financing of Acquisition and Rehabilitation of Crosswoods Apartments**

RECOMMENDED ACTIONS:

That the Board of Directors:

1. Review, Approve and Adopt the Resolution; and
2. Authorize the collateralization of the single family lot located as 1212 "L" street if necessary; and
3. Authorize the Executive Director to Negotiate and Execute Any and All Necessary Documents and to Furnish all Materials Necessary to Accomplish the Activities of the Resolution.

BACKGROUND / DISCUSSION:

Crosswood Apartments is a 48 unit complex located at 646 Third Street, Woodland, CA. Crosswood Apartments was a privately-owned HUD-funded Multi Family project. Yolo County Housing stepped forward when the property was for sale in order to continue to preserve the property's affordability for the community. Ultimately, the property was purchased by our bond pool, Cal-AHA and is currently managed by a private management company.

On October 2, 2008, the Board authorized Lisa A. Baker, Executive Director of Yolo County Housing (YCH) to act as the Agency's chief negotiator for the potential purchase of real property located at 646 3rd Street, Woodland, CA 95695. The complex, known as Crosswood Apartments is a 48-unit U.S. Department of Housing and Urban Development (HUD) 236 (privately-owned, HUD-subsidized) property. On April 2, 2009, the Board authorized the Executive Director to execute a Letter of Intent with Cal-AHA for purchase of the property.

Subsequent to this transaction, YCH partnered with DFA Development and Dawson Holdings, Inc. to bring forward an acquisition-rehabilitation proposal for the property that

would meet the criteria laid out in the Letter of Intent with Cal-AHA for acquisition and rehabilitation of the property. DFA and DHA have extensive experience and expertise in these types of acquisition and have worked with Cal-AHA staff on other transactions. Unfortunately, DFA-DHA were unable to complete a financing package to cover the acquisition and rehabilitation. DHA agreed to be released from its agreement and staff retained DFA to work out a development proposal with YCH as the principal developer. DFA, with Goldfarb-Lippmann as bond counsel, has presented YCH with a proposed development package that would meet YCH expectations. The elements of the proposed package are as follows:

- FHA 223 (f) loan, available after January 1, 2012 with an interest rate of 4.85% for 35 years and a 90% Loan to Value (LTV) Ratio;
- 4% tax credits, (instead of the earlier 9% competitive tax credits) with our bond pool issuing the required tax exempt bonds;
- New HUD Section 8 Contract with mark-up-to-budget rents to support the acquisition and rehabilitation of the property.

New Hope Community Development Corporation would ultimately be YCH's partner with the partnership in ownership of the project and with YCH having a future right to the property after the expiration of the tax credit period. This proposed development is very similar in nature to the other tax credit properties completed by YCH and by New Hope, including Eleanor Roosevelt Circle and Cesar Chavez Plaza – the differences being that this is acquisition and rehabilitation instead of new construction, the use of a HUD mortgage project in lieu of private financing and the ability to layer a continued Section 8 contract to ensure long term affordability.

FISCAL IMPACT:

None at this time. There might be a future need for use of 1212 "L" street as collateral or for a loan from YCH to New Hope to be repaid from developer fee or from proceeds if necessary. The pro forma modeling for the above scenario shows that the property would provide sufficient funds for a developer fee (including a deferred developer fee) for the project and an ability to repay a loan to YCH if necessary to close the initial funding gap.

CONCLUSION:

Staff has reviewed the proposed project in light of its obligations under the Cal-AHA Letter of Intent and recommends that the Board adopt the Resolution and move forward with the development proposal.

Attachment: Resolution

YOLO COUNTY HOUSING

RESOLUTION NO. ____

(RESOLUTION AUTHORIZING (1) THE FORMATION OF A LIMITED PARTNERSHIP WHOSE MANAGING PARTNER WILL NEW HOPE COMMUNITY DEVELOPMENT CORPORATION AND WHOSE INITIAL LIMITED PARTNER WILL BE THE HOUSING AUTHORITY, (2) ACQUISITION AND REHABILITATION OF CROSSWOODS APARTMENTS BY THE PARTNERSHIP, AND (3) FINANCING OF ACQUISITION AND REHABILITATION OF CROSSWOODS APARTMENTS)

WHEREAS, the Yolo County Housing Authority (the "Authority") is a duly formed housing authority of the State of California, and is vested with the responsibilities set forth in Division 24, Part 2, Article 4 (Sections 34310-34334) of the California Health and Safety Code (the "Housing Authorities Law"), which includes providing low and moderate income housing within its jurisdiction; and

WHEREAS, New Hope Community Development Corporation ("NHCDC") is a 501(c)(3) tax-exempt nonprofit corporation formed to assist in providing affordable housing; and

WHEREAS, the Authority has the right to purchase real property known as Crosswoods Apartments in Woodland, California (the "Property"); and

WHEREAS, the Authority desires to assign the Authority's right to purchase the Property to a limited partnership (the "Partnership") in which NHCDC will be the managing general partner and the Authority will be the initial limited partner; and

WHEREAS, the Authority intends that California Affordable Housing Agency, a joint powers agency of which the Authority is a member, will issue tax exempt bonds that will enable the Partnership to acquire and rehabilitate the Property; and

WHEREAS, the Authority intends that the Partnership will seek credit enhancement for the financing in the form of FHA insurance and will obtain such other financing as is necessary for acquisition and rehabilitation of the Property; and

WHEREAS, the Authority intends that the Partnership will assume the existing Section 8 contract on the Property; and

WHEREAS, the Authority intends that the Partnership will seek an equity investor to act as the limited partner of the partnership and to replace the Authority as the limited partner of the Partnership; and

WHEREAS, the Authority intends to enter into a reimbursement agreement with NHCDC or a NHCDC-affiliated entity to recoup costs associated with the acquisition, maintenance, and rehabilitation of the Property; and

WHEREAS, the Board of Directors of the Authority deems it to be in the best interest of the Authority to form the Partnership as the initial limited partner along with NHCDC as the managing general partner; and

WHEREAS, the Authority intends the Partnership to acquire the Property, reimburse the Authority for expenses related to the acquisition, maintenance, and disposition of the Property; if necessary, assume the Property's existing financing; obtain new financing for the Property; rehabilitate the Property; operate the Property in compliance with the Housing Authorities Law, and execute any documents required to effectuate such acquisition, reimbursement, financing, rehabilitation, and operation, all in a manner consistent with the Authority's permitted activities.

NOW, THEREFORE, BE IT RESOLVED, ORDERED AND FOUND by the Board of Commissioners of the Housing Authority of the County of Yolo, as follows:

That the Authority shall form the Partnership, assign the right to acquire the Property to the Partnership, and seek reimbursement for costs associated with acquisition, maintenance, and disposition of the Property.

FURTHER RESOLVED: That the Authority shall enter into any and all agreements and certificates, including, but not limited to, a limited partnership agreement, LP-1, form SS-4, and any other documents necessary to form the Partnership.

FURTHER RESOLVED: That the Authority shall enter into any and all agreements and certificates, including, but not limited to, an assignment agreement, a purchase and sale agreement, a grant deed, a reimbursement agreement, and any other documents necessary to convey the Property to the Partnership and reimburse the Authority for expenses related to the acquisition, maintenance, and disposition of the Property.

FURTHER RESOLVED: That the Authority as the initial limited partner of the Partnership, is hereby authorized and directed to execute any and all necessary documents, including, but not limited to, a limited partnership agreement, LP-1), form SS-4s, and any other documents and agreements, and to do any and all things deemed necessary or advisable to form the Partnership, and to take any other action in order to effectuate the purposes of this Resolution.

FURTHER RESOLVED: That the Authority as the initial limited partner of the Partnership, is hereby authorized and directed to have the Partnership acquire the Property, reimburse the Authority for expenses related to the acquisition, maintenance, and disposition of the Property; if necessary, assume existing financing on the Property; obtain necessary new financing on the Property; obtain FHA insurance of financing on the Property; provide for necessary rehabilitation of the Property; operate the Property in compliance with the Housing Authorities Law; assume the existing Section 8 Contract

and/or obtain a new Section 8 Contract; and take any other action in order to effectuate the purposes of this Resolution.

FURTHER RESOLVED: That the Executive Director of the Authority (the "Executive Director") shall be authorized and directed to execute any and all necessary documents and to furnish all materials necessary or desirable to accomplish the other activities contemplated by this Resolution.

FURTHER RESOLVED: That the Executive Director shall be authorized to execute any other form of resolution required by a lender or investor which that officer determines, with the advice of counsel to the Authority, does not materially conflict with the substance of this Resolution.

FURTHER RESOLVED: That any and all acts previously taken by the Executive Director or any other officer of the Authority in connection with the matters authorized by the foregoing resolutions are ratified, confirmed, adopted and approved.

FURTHER RESOLVED: That this Resolution shall take immediate effect upon adoption.

[Remainder of page intentionally blank.]

[Signatures on following page.]

EFFECTIVE DATES: This resolution shall take effect from and after the date of its adoption.

PASSED AND ADOPTED, by the Board of Commissioners of the Housing Authority of the County of Yolo, County of Yolo, State of California, this 8th day of December 2011, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Jim Provenza, Chair
Board of Commissioners of the
Housing Authority of the County of Yolo

Approved as to Form:

By: _____
Sonia Cortés, Agency Counsel

Attest:
Julie Dachtler, Clerk
Board of Commissioners of the
Housing Authority of the County of Yolo

By: _____