



Yolo County Housing

Lisa A. Baker, Executive Director

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DATE: May 17, 2012
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Mark Stern, Finance Director
SUBJECT: **RECEIVE AND FILE SUMMARY BACKGROUND AND INFORMATION REGARDING NOTE RECEIVABLE FROM NEW HOPE COMMUNITY DEVELOPMENT CORPORATION**

RECOMMENDED ACTIONS:

Receive and file summary background information regarding New Hope Community Development Corporation Note Receivable.

BACKGROUND / DISCUSSION

Over the course of the last eleven years, New Hope CDC (NH CDC) has accumulated debt to Yolo County Housing that is shown as an interfund receivable from New Hope CDC, a current liability in the balance sheet. For the first few years after New Hope acquired Cottonwood Meadows, the development was operating profitably. In November of 2004, equity in the apartments was withdrawn for the purchase of a commercial property on Kentucky Avenue in Woodland. The commercial enterprise failed and the property was sold in November of 2007 at a loss of nearly \$600,000. The loss was funded by YCH cash. The balance payable to YCH as of June 30, 2011 was \$254,325. For the 2011-2012 year, Cottonwood Meadows is budgeted with a small positive cash flow. New Hope hopes to slowly pay down the balance due to YCH from continued future positive cash flows.

FISCAL IMPACT

Agency wide, there is virtually no impact to YCH. Since NH CDC is included in the agency-wide financial statements, this will simply reclassify an equal and opposite interfund receivable and interfund payable to a long term note receivable and long term note payable. However this is a more accurate statement of the actual relationship as New Hope is a separate entity. In addition, there is not enough cash flow from Cottonwood Meadows to repay the amount owing to YCH in the current period.

CONCLUSION

Although there is no impact to the agency-wide financial statements, there is a significant change to the New Hope CDC balance sheet. The current ratio (current assets to current liabilities) will be very much improved and the actual nature of the relationship between Yolo County Housing and New Hope CDC will be more accurately stated.