

# **Yolo County Housing**

**Lisa A. Baker, Executive Director**

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DATE: June 4, 2009  
TO: YCH Board of Commissioners  
FROM: Lisa A. Baker, Executive Director  
SUBJECT: **Receive and File Letter from the Department of Housing and Community Development Regarding Contract 03-FWHG-268, Esparto, CA**

### **RECOMMENDED ACTIONS**

That the Board of Commissioners Receive and File the Letter from the California Department of Housing and Community Development (HCD) regarding the Esparto development project and authorize the Executive Director to prepare a response and work with staff at HCD on development of these lots.

### **BACKGROUND / DISCUSSION**

Yolo County Housing (YCH) has received correspondence from HCD regarding its decision to disencumber the remaining funds under the Serna grant that was issued to Yolo County Housing to develop six lots in Esparto. The majority of these funds have already been expended in design and acquisition costs for the lots. However, the lots remain undeveloped and this is counter to YCH's requirements under the grant.

Prior to the current Board or management team, Yolo County Housing purchased six lots in Esparto for the development of permanent farmworker housing. The YCH initially thought that it would be able to develop these lots as rental duplexes and, accordingly, received a Serna grant for funds to construction rental housing for farmworkers. Unfortunately, the property was unable to be developed as bids for the project fell short of the need for funds to construct and the project could not generate sufficient cash flow to maintain the debt service and maintenance.

The project, which should have been completed in 2004, remained undeveloped as of the Board transition in late 2006. In early 2007, staff brought back to the Board a proposal to attempt to develop these properties as single family for sale units to farmworkers. Staff explored the issue with HCD regarding the possibility of converting the Serna grant from rental to ownership housing with the State and staff was informed that HCD had concurred with the proposal and would prepare a contract amendment. That amendment was not prepared. When staff at YCH inquired at HCD regarding the status of this item, no one at HCD was aware that this discussion had taken place. Staff members at YCH who were involved in the transaction are no longer with the agency.

Current staff have worked on ways in which to complete the development of these lots, but have been unable to come up with sufficient financing to move forward. This is principally

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due to issues surrounding the housing and financial markets that began in late 2007 and early 2008, as well as the fiscal issues and constraints faced by the Agency from 2006 forward. Staff remains committed to the development of these lots and will follow up with HCD on an appropriate work out to allow these units to be developed. There continues to be an important needs for affordable housing for farmworkers and others in the Esparto/Capay area. Staff will send a confirmation letter to HCD outlining the issues and development of a workout that will allow these units to be developed.

### **FISCAL IMPACT**

None at this time. There are potential future fiscal impacts that are as yet unknown.

### **CONCLUSION**

The Board should receive and file the letter and authorize the Executive Director to follow up with State HCD on ways in which to complete development of the lots.

**Attachment:** Letter from HCD

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE****Joe Serna Jr. Farmworker Housing Grant Program****Multifamily Housing Program**

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April 22, 2009

Lisa Baker  
Executive Director  
Yolo County Housing Authority  
1224 Lemon Ave  
Woodland, CA 95716

Re: Contract # 03 -FWHG -268  
Esparto CA.

Dear Ms. Baker:


This letter is to inform you that the Department has decided to disencumber the remaining funds that have not been disbursed on the above Joe Serna J. Farmworker Housing Grant Program (JSJFWHG) contract. Exhibit C Page 3 of 5 of the General Conditions of the Standard Agreement states, "*prior to disbursement of any program funds, or at such time specified by the State, Contractor shall provide evidence of financing commitments in amounts no less than determined by the State to be necessary to complete construction or rehabilitation.*" Staff of the United States Department of Agriculture, Rural Development (USDA RD) has informed the Department of their de-obligation of their commitment for funds for this project.

Attachment "A" of General and Special Conditions of the Standard Agreement, Item "3" states, "*Contractor shall ensure that all conditions, which must be satisfied or completed by **October 31, 2004** or the State, solely at its option may disencumber funds or terminate this commitment.*" The contractor, the Housing Authority of Yolo County, has been unable to complete the project or provide options to resolve deficiencies of funding for the project.

Since funds have been disbursed on this project for land purchase and predevelopment, the file will be transferred to the Division of Financial Assistance Conflict Resolution Program. Staff will contact you for further information regarding this project.

Please feel free to call me at 916 -445 -4508 if you have any questions regarding this action or letter.

Ben Dudek

  
Program Manager

Joe Serna Jr. Farmworker Housing Grant Program