



Board Agenda Item 75

DATE: June 20, 2023

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Amendment I to Permanent Local Housing Allocation Loan Agreement with Mendota Esperanza Commons, LP for the Esperanza Commons Apartments Project in the City of Mendota

RECOMMENDED ACTION(S):

Approve and authorize Chairman to execute Amendment I to Agreement No. 21-480 with Mendota Esperanza Commons, LP for the development of the Esperanza Commons, an affordable multi-family apartment project in the City of Mendota, effective upon execution with no change in term, and increasing the maximum Permanent Local Housing Allocation funding by \$488,819 to a total Permanent Local Housing Allocation funding amount not to exceed \$2,050,000.

The recommended action will provide an additional \$488,819 in Permanent Local Housing Allocation (PLHA) funds for the development of Esperanza Commons affordable multi-family apartment project (Project), increasing the PLHA funds from \$1,561,181 to \$2,050,000. The balance of funds needed to complete the financing of the Project will be from non-County funds and include a variety of other public and private funding sources. The PLHA loan agreement is with Esperanza Commons, LP, a California Limited Partnership (the Partnership), consisting of Silvercrest, Inc., a nonprofit corporation, serving as the Managing General Partner, and Esperanza Commons AGP, LLC, as the Administrative General Partner and project developer, of which the Housing Authority of Fresno County is a member. The additional funds are needed due to increased construction costs. The total Project cost is estimated at \$20,552,430. This item pertains to a location in District 1.

ALTERNATIVE ACTION(S):

Your Board may deny the recommended amendment, or make any changes, as appropriate, and consistent with the State regulations governing the PLHA Program. If the County does not approve PLHA funding for the Project, this 60-unit affordable multi-family housing project may not be completed.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The total estimated Project cost will increase from \$20,063,611 to \$20,552,430 due to increased construction costs. The recommended amendment will increase PLHA funding from \$1,561,181 to \$2,050,000.

Additional funding for the total estimated \$20,552,430 cost of the Project will come from a variety of funding sources, which will include land donation and State Tax Credits.

Estimated Source Funds:

1. Construction Loan	\$ 9,794,679
2. USDA Rural Development Loan	530,865
3. County PLHA Loan	2,050,000
4. Land and Building Donation	4,269,135
5. Limited Partners	1,193,679
6. <u>Developer (Deferred Costs)</u>	<u>2,714,072</u>
Estimated Total Project Costs	20,552,430

DISCUSSION:

On November 16, 2021, the Board approved Agreement 21-480, with \$1,561,181 in PLHA funds that were made available to the Partnership to assist with the development of the Project, while the Partnership would provide additional funding sources, which will include land donation and State Tax Credits, in the amount of \$18,502,430.

On July 1, 2022, the Partnership requested additional funds to complete the Project. On August 1, 2022, staff determined that an additional \$488,819 in PLHA funds were available for the Project due to the award of additional PLHA funds from the State of California, which would allow the completion of the project by August 2023.

The Project cost increased due to unforeseen mold abatement and change orders with unanticipated construction costs. The recommended amendment will increase the total PLHA funds allocated to the Project to offset increases in construction costs. All remaining provisions of the agreement will remain in full force and effect.

REFERENCE MATERIAL:

BAI #52, November 16, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map

On file with Clerk - Amendment I to Agreement with Esperanza Commons, LP

CAO ANALYST:

Salvador Espino