



Board Agenda Item 53

DATE: July 8, 2025

TO: Board of Supervisors

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

SUBJECT: Retroactive and Proposed Modifications to Two County-Funded Affordable Housing Properties in Mendota, CA

RECOMMENDED ACTION(S):

1. **Retroactively authorize and ratify the Director's execution of the "Consent by Lender/Lienholder" on December 20, 2021, which was used to execute a Facilities Use Agreement for the Mendota RAD property (recorded on April 17, 2024 as Document No. 2024-0034756, Original Records Fresno County) on behalf of the Housing Authority of Fresno County, California and its affiliates Mendota RAD, LP and Mendota Esperanza Commons, LP, and benefitting the residents of the Mendota Esperanza Commons property by enabling them to utilize the Community Room on the Mendota RAD property for 15 years (\$0);**
2. **Approve and authorize the Chairman to execute the "Omnibus Agreement Restating Legal Description" to revise the legal description of the Mendota Esperanza Commons property in multiple previously executed and/or recorded documents including Mendota RAD to consent to the Facilities Use Agreement, modify the legal description of the land to include only the parcel of property occupied by the Mendota Esperanza Commons project's buildings, and remove from the project's legal descriptions two non-project parcels (\$0);**
3. **Approve and authorize the Chairman to execute the "Substitution of Trustee and Partial Reconveyance" to facilitate the release of two non-project parcels (1.74 acres) from the Mendota Esperanza Commons project using a combined parcel value (\$114,018) identified in a 2022 appraisal at the request of and benefitting the Housing Authority of Fresno County California through its affiliated Limited Partnership (\$0); and**
4. **Delegate authority to the Director of Public Works, or his designee, to approve any further documents necessary to close the construction loan for Mendota Esperanza Commons and effectuate the Facilities Use Agreement, Omnibus Agreement Restating Legal Description, Substitution of Trustee and Partial Reconveyance, and Application for Partial Release, Subordination, or Consent, subject to approval as to legal form by County Counsel, and approval as to accounting form by the Auditor-Controller/Treasurer-Tax Collector (\$0).**

There is no increase in Net County Cost associated with the recommended actions. The Mendota Esperanza Commons (MEC) is an affordable housing apartment complex managed by the Housing Authority of Fresno County California (Housing Authority) and their affiliate entity, Silvercrest, Inc. In 2021, the County used State funds to financially support a rehabilitation effort at MEC. Following the project's completion, there have been changes to the land and use of facilities which require the authorization of your

Board. One change impacts a nearby affordable housing apartment complex, Mendota RAD; the County contributed Federal funds towards its rehabilitation in 2013 and is also managed by the Housing Authority through Silvercrest, Inc. Collectively, approval of the recommended actions will permit the Housing Authority to reduce MEC's legally defined land area by removing two smaller, unutilized parcels prior to the close of the rehabilitation project's construction financing and will ensure the project's compliance with State requirements through shared use of a community room and services provided on the adjacent Mendota RAD property. Proceeds from the sale of MEC's non-project parcels (\$114,018) will be added to the project's reserves to support repayment of loans and ongoing maintenance costs. This item pertains to locations in Mendota in District 1.

ALTERNATIVE ACTION(S):

If your Board does not approve the recommended actions, (1) the MEC project will be out of compliance with California Code of Regulations Section 10325(g)(1)(E), putting the State tax credit investments at risk and putting the project at risk of default, as the residents of MEC will not have a dedicated space in which to receive supportive services; (2) the legal documents for MEC will not reflect the changes to the project's parcels of land, allowing a violation of the County's agreement to remain; and (3) the Housing Authority would be unable to pursue removal of unutilized parcels from the originally encumbered property.

The value of the proceeds from the sale of the non-project parcels relies on a 2022 appraisal that expired in 2024. The MEC project's other major financiers, the United States Department of Agriculture (USDA) and JP Morgan Chase Bank, N.A. have consented to the use of the older appraised value. Your Board may ask that a current property valuation be made prior to the reconveyance of the parcels; however, that action would incur additional costs and further delay the actions necessary to close the construction financing loan and convert the MEC project to long-term financing.

Your Board may elect not to delegate authority to the Director of the Department Public Works and Planning, or his designee, to sign additional documents necessary to complete the recommended actions. In that event, any additional documents would need to come to your Board for approval.

RETROACTIVE AGREEMENT:

The first recommended action is retroactive because the Housing Authority inadvertently utilized a signature from a 2021 document to record the County's consent for the Facility Use Agreement while Department staff were processing the FUA for signature in April 2024.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Approval of the recommended actions is not anticipated to impact the County's roles or responsibilities for either project, except in the unlikely instance the County were to obtain ownership of Mendota RAD through foreclosure or deed in lieu of foreclosure. In that case, the County and any future owners of Mendota RAD would be obligated to honor the Facility Use Agreement. The changes to land descriptions and the release of parcels have no overt fiscal impact to the County but proceeds from the transfer or sale of the non-project parcels will support the financial stability of MEC.

DISCUSSION:

This item pertains to two adjacent affordable housing apartment complexes in Mendota, CA (see attached map). Although the owner of each project is a different limited partnership, both are managed by Silvercrest, Inc., an affiliate of the Housing Authority. Both properties, Mendota RAD (124 units total, rehabilitation funded in 2013, 20-year affordability period) and MEC (60 units total, rehabilitation funded in 2021, 55-year affordability period), have received affordable housing development loans from the County, and as such, the County holds a legal interest in each property for the duration of each project's respective affordability period.

Under the terms of the County's agreements, when the owners desire to modify land or their use of the properties, the owners must seek and receive the County's consent.

All of the recommended actions are tied to efforts to close construction financing on MEC. In January 2021, the Housing Authority applied to the California Tax Credit Allocation Committee (CTCAC) for tax credit assistance to rehabilitate the aging MEC apartment complex, which provides affordable housing to the farmworker population in Mendota. On June 16, 2021, CTCAC issued a Reservation Letter to the Housing Authority for tax credit funds contingent upon the Housing Authority following through with the project described in their application, which stated that there was a daycare on the property and a community room. In practice, the community room space was being used by the daycare and was not available to provide resident services as required by the State. The Facilities Use Agreement sharing the adjacent Mendota RAD community room with MEC resolves the lack of a dedicated meeting room space for MEC residents and brings the project into compliance with State requirements.

Disencumbering land not utilized by the MEC apartment buildings had been planned since the inception of the rehabilitation project, but prior authorization of USDA was required. The Housing Authority informed Department staff that the documents to clear the reassignment had been submitted to USDA in 2021, but authorization was not obtained prior to the start of construction due to staffing changes at USDA. The use of State tax credits requires strict adherence to project timelines and forced the Housing Authority to proceed with rehabilitation efforts without completing the disencumbrance process. The Housing Authority recorded various grant deeds in 2021 to subdivide APN 012-190-39ST, which totaled 8.98 acres, into three parcels commonly referred today as Parcel One: APN 012-190-71S totaling 0.66 acres (a vacant lot), Parcel Two: APN 012-190-72S totaling 1.08 acres (which contains the Mendota Continuation High School, operated by the Mendota Unified School District), and Parcel Three: APN 012-190-73S totaling 7.23 acres (which contains MEC). Formal acknowledgement of the change to the legal description of the land in the County's agreement and all recorded documents associated with the project never occurred.

The recommended "Omnibus Agreement Restating Legal Description" resolves the inconsistencies with the legal description of the land, and due to inclusion of language referring to the Facilities Use Agreement, will effectively amend both the County's MEC and Mendota RAD agreements and other MEC associated recorded documents. Approval of the recommended actions will effectuate removal of Parcels One and Two from the legal description of the MEC project by releasing them from the project's encumbrance upon the authorization of all lienholders. Pursuant to USDA requirements, proceeds from the sales will be added to the operating reserves for the project. In the event modifications to the documents presented in this item are needed or an additional authorization in a different format or content is required, the Department is seeking delegation of authority to the its Director or designee (with the concurrence of both County Counsel and the Auditor-Controller/Treasurer-Tax Collector) to enable the expeditious resolution of any barriers to the close of the MEC construction loan and documents related to this item.

REFERENCE MATERIAL:

BAI #75, June 20, 2023
BAI #52, November 16, 2021
BAI #60, August 20, 2013

ATTACHMENTS INCLUDED AND/OR ON FILE:

Map
On file with Clerk - Mendota RAD FUA
On file with Clerk - Omnibus Agreement Amending Multiple County Agreements
On file with Clerk - Substitution of Trustee and Deed of Partial Reconveyance
On file with Clerk - 2022 Esperanza Commons Appraisal

CAO ANALYST:

Dylan McCully