



Board Agenda Item 63

DATE: October 17, 2017

TO: Board of Supervisors

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

SUBJECT: Agreement with Fowler Magill Terrace, LP for the Fowler Magill Terrace Apartments in the City of Fowler

RECOMMENDED ACTIONS:

- 1. Approve and authorize Chairman to execute Agreement with Fowler Magill Terrace, LP for HOME Investment Partnerships Program funds for the development of the Fowler Magill Terrace Apartments in the City of Fowler (\$1,000,000); and**
- 2. Authorize the Director of Public Works and Planning or his designee, to execute all loan and related documents necessary to the project, including any amendments thereto, subject to the prior review and approval of County Counsel and the Auditor-Controller/Treasurer-Tax Collector, as shall be necessary for the purpose of developing the Project as described in Section I of the Agreement.**

The first recommended action is necessary to approve a loan in the amount of \$1,000,000 in Federal HOME Investment Partnerships (HOME) funds for the development of the Fowler Magill Terrace Apartments affordable housing project in the City of Fowler, for which the total development cost is estimated to be \$26,513,261. The HOME Agreement is with Fowler Magill Terrace, Limited Partnership, a California Limited Partnership. The partnerships consists of Silvercrest Inc., a nonprofit agency which is the Managing General Partner, and Fowler Magill Terrace AGP, LLC, which is the Administrative General Partner and project developer. The project will develop a sixty unit affordable multi-family rental housing project, of which eleven units will be designated as HOME-assisted units.

The second recommended action authorizes the Director of Public Works and Planning, or his designee, at his discretion, to execute all loan and related documents necessary for the project, and any amendments thereto for the loan agreement.

ALTERNATIVE ACTION:

The Board may deny the Agreement as proposed, or make any changes as appropriate consistent with the Federal regulations governing the HOME Program. If HOME funds are not approved, the sixty unit affordable multi-family project may not be able to be developed.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. This Agreement will result in a maximum of \$10,000 of revenue for County Counsel as reimbursement for work associated with the review of project documents. The Partnership is responsible to pay for all legal costs incurred to review the loan

documents during the financing period of the development. The Agreement also may result in anticipated revenue to the County of up to \$5,000 annually during the 20 year affordability period of the project, to offset the cost of Community Development staff to conduct the required annual project monitoring.

The total estimated project cost for the Fowler Magill Terrace Apartments is \$26,513,261. The Agreement reserves loan funds in the amount of \$1,000,000 from the County's Federal HOME Grant for the Project. The appropriation of HOME funds are included in the Public Works and Planning - Grants Org 5512-2008 FY 2017-18 recommended budget. The balance of funds needed to complete the financing of the project will be from non-County funds and will include a variety of other public and private funding sources.

DISCUSSION:

The recommended Agreement reserves HOME funds in the amount of \$1,000,000, for a loan that will be secured by a Promissory Note and Deed of Trust, carrying restrictions that will run with the land consistent with the guidelines, regulations, and Board's policies governing the HOME Program. This will include restricting tenant income and rent requirements for a twenty-year affordability period for all eleven County-assisted units. The HOME funds will be provided as a no-interest, deferred payment, 30-year term loan, consistent with the County's HOME-funded Affordable Housing Development Program.

The Fowler Magill Terrace Apartments affordable housing development project is located at 401 Nelson Street in the City of Fowler (see attached map). The project will provide affordable housing for persons earning no more than sixty percent of the area median income (AMI) for Fresno County. It will consist of a mix of one, two, three and four bedroom units restricted to households at varying income levels that will range from 30% AMI to 60% AMI. All units will be subject to these income restrictions excepting one unit as the manager's rental unit (not County-assisted). Construction must meet all applicable local building codes, the County's Board-adopted rehabilitation/construction standards for the Affordable Housing Program, and property standards as identified in the HOME regulations for new construction to ensure longevity and safety.

The Agreement also provides for the Partnership to require professional liability insurance limits of \$1,000,000 per incident and \$2,000,000 aggregate for any professional contracts associated with this project, and to secure a performance bond and labor and material bond in an amount sufficient to ensure full completion of the project.

The Partners of Fowler Magill Terrace, LP have a strong history of affordable housing development within Fresno County and Central California. Based on criteria established under the Federal HOME Program, the Partnership is eligible to apply for HOME funding for affordable housing development projects. The Partnership, its members and the project have been reviewed by County staff and have been determined to meet the threshold criteria for funding under the County's Affordable Housing Development Program.

Release of County HOME funds is contingent upon the Partnership securing all other funding to complete financing for the project, including meeting all of the funding requirements for Low-Income Housing Tax Credits. The project is supported by the City of Fowler and is consistent with the County's General Plan, which directs residential growth to cities. The Partnership is requesting \$1,000,000 of HOME funds to assist with the construction of eleven HOME units of the sixty rental units.

Additional funding for the estimated \$26,513,261 total cost of the housing project will come from a variety of funding sources that will include a loan from the Housing Authority of Fresno County and Tax Credits.

Estimated Sources of Funds:

1. Construction Loan	18,275,596
2. Housing Authority of Fresno County	1,240,000
3. County of Fresno HOME Loan Funds	1,000,000

4. Housing Relinquished Fund Corp.	1,625,000
5. Developer (Deferred Costs)	1,665,839
6. Housing Authority of Fresno County Capital Fund	575,000
7. CA Tax Credit Equity	2,131,826

Estimated Total Project Costs	\$26,513,261
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Due to the complex financing and time sensitive nature of these large housing developments, it is not unusual for the project's other funding sources to change as the developer solidifies financing from a variety of public and private funding sources to complete financing for the project. The County's permanent lien position for the HOME Agreement will not be lower than the third lien position.

The project has already received tax credits, and is expected to commence construction in December 2017, and be completed by March 2019.

OTHER REVIEWING AGENCIES:

The Agreement has been reviewed and approved by Fowler Magill Terrace, LP, consisting of Partners Silvercrest Inc., and Fowler Magill Terrace, AGP, LLC.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Map
On file with Clerk - Agreement with Fowler Magill Terrace, LP

CAO ANALYST:

John Hays