

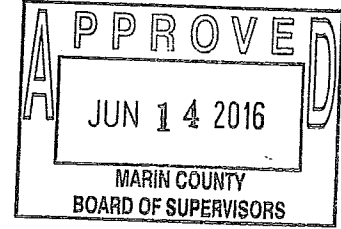
COMMUNITY DEVELOPMENT AGENCY

Brian C. Crawford
DIRECTOR

June 14, 2016

Marin County Civic Center
3501 Civic Center Drive
Suite 308
San Rafael, CA 94903
415 473 6269 T
415 473 7880 F
415 473 2255 TTY

Board of Supervisors
County of Marin
3501 Civic Center Drive
San Rafael, California 94903



SUBJECT: Loan and grant of Housing Trust Funds to Community Land Trust Association of West Marin (CLAM) for acquisition of 21 Calle del Embarcadero, Stinson Beach.

Building and Safety
Environmental Health Services
Planning
Environmental Review
Housing
Sustainability
Code Enforcement
GIS
Federal Grants

Dear Supervisors:

RECOMMENDATION: 1) Approve a grant in the amount of \$500,000 and a loan in the amount of \$500,000 from the Marin County In-Lieu Housing Trust Fund (Housing Trust) for the purchase of the Calle del Embarcadero Apartments, an apartment building located at 21 Calle del Embarcadero, Stinson Beach; 2) Authorize President, subject to County Counsel approval, to execute (a) County Housing Trust Loan documents; (b) Regulatory Agreement; and (c) related documents (including Subordination Agreements) that may be required by other sources of financing for this project.

SUMMARY:

The Calle del Embarcadero Apartments is an existing rental housing complex in Stinson Beach. Two of the eight homes are currently occupied by low income households who receive assistance from the Section 8 Voucher Program operated by Marin Housing Authority ("Marin Housing"). If sold on the open market, a purchaser would likely rehabilitate the property, drastically increase the rents, and displace the existing low income residents. County funding would ensure that all of the homes are affordable to very low and low income households. Ownership and management by a not-for-profit organization, together with the County's affordability restrictions, will ensure that the property remains affordable in perpetuity.

Last year, when the current property owner proposed to sell the property, a group of local residents organized around the goal of preserving the property as affordable housing. Since that time, they have raised local funds and convened a coalition consisting of CLAM, the Marin Community Foundation and the Community Development Agency, to partner in acquisition and funding to preserve this housing as affordable in perpetuity. The local community has voiced strong support for the project, including the Stinson Beach Fire Protection District's Board of Directors, the Stinson Beach Volunteer Firefighters Association, the Stinson Beach Village Association, and the Seadrift Association.

www.marincounty.org/cda

The purchase of this property demonstrates the acquisition for preservation strategy that was discussed and supported by the Board of Supervisors during the 2015/2016 workshops on Preserving Housing Affordability and Preventing Displacement.

DISCUSSION:

21 Calle del Embarcadero is an eight-unit apartment building on a 9,600 square foot lot in the beach area of Stinson Beach. CLAM in conjunction with a group of local citizens are trying to purchase the property for affordable housing. Efforts to make this acquisition have been underway for almost a year. The goal is to ensure that affordable homes are integrated into all areas of our communities in order to provide a more diverse and healthy community.

Stinson Beach is a coastal community without any deed restricted affordable housing. At present, the Calle del Embarcadero Apartments is also the only complex in the community with Section 8 vouchers, making the purchase of this property a preservation of affordable housing and the actual creation of six more affordable homes simultaneously. The Stinson Beach community has an urgent and acute need for affordable housing. Even more so than other areas of the County, development of new affordable housing in Stinson Beach appears to be facing insurmountable challenges resulting from the absence of undeveloped land, the extremely expensive cost of infill parcels and the cost of construction. As compared to the proposed purchase of the Calle del Embarcadero Apartments, the establishment of affordable housing in Stinson Beach through new construction would be prohibitively expensive. The changing demographics of the area to largely a second home market, and the reduction in the number of long-term rentals in favor of more profitable vacation rentals have further eroded rental stocks. A visitor service economy with relatively low wage hospitality and maintenance jobs further fuels the need for affordable homes. The purchase of existing multifamily housing appears to be the most effective method of creating affordable homes even though the prices on the coast are substantially higher than in many other parts of the County.

The purchase price is \$3,000,000. Marin Community Foundation is serving as the lender by offering a \$1.35 loan to CLAM and is requiring a \$50,000 reserve for a total acquisition cost of \$3,050,000. CLAM's application for County Housing Trust funds included a request for a grant of \$750,000 and a loan of \$250,000, a per unit request that is higher than the Trust has granted in the past. Therefore, staff is recommending that the request be divided between grant and loan, each at \$500,000. The proposed funding is as follows:

A loan from Marin Community Foundation	\$1,350,000
A grant from Marin Community Foundation	\$ 500,000
A grant from the County Housing Trust	\$ 500,000
A loan from the County Housing Trust	\$ 500,000
A local donation, \$100,000 of which is pledged	<u>\$ 200,000</u>
	\$3,050,000

Funding from the Housing Trust would be half as a grant and half in the form of a loan that would generate income for the County's Housing Trust when the project's other financial obligations were met. The project has been underwritten with these assumptions and the loan will not affect the viability of the project or of CLAM as an organization. The loan term would be for 55 years with a 1% interest rate, and if the

property is still operating as affordable housing at the end of the 55-year term, any remaining loan balance would be forgiven.

The Housing Trust was created to increase the stock of permanently affordable homes in the County. The Housing Trust provides a local funding source for financial and technical assistance to help affordable housing developers create and preserve affordable housing for low and very low income households. Housing Trust monies are intended to advance the values of a balanced community, by providing support for a variety of housing types available for households at a range of income levels. The proposed funding for the Calle del Embarcadero Apartments meets the guidelines for the County's Housing Trust and furthers a number of Countywide Plan goals including the following:

CWP Policy CD-2.11 Promote Diverse Affordable Housing Strategies.

Promote a diverse set of affordable housing strategies to convert existing market rate units to permanently affordable units in addition to building affordable housing in appropriate locations.

CWP Program CD-2.r Convert Existing Market Rate Units.

Identify specific strategies and funding mechanisms for the conversion of existing market rate units into permanently affordable housing.

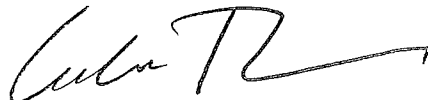
FISCAL IMPACT: There is no impact to the General Fund as a result of this recommendation as the grant and loan funds are available in the In-Lieu Housing Trust Fund (80401). Staff recommends increasing expenditure appropriations of \$500,000 in the Housing Trust to fund the County grant. Staff also recommends authorizing the Department of Finance the authority to execute a residual receipts loan from the Housing Trust in the amount of \$500,000 for 55 years at 1 percent interest, pursuant to the conditions outlined above. As of June 1, 2016, the available balance in the Housing Trust is \$5,197,073.

REVIEWED BY:

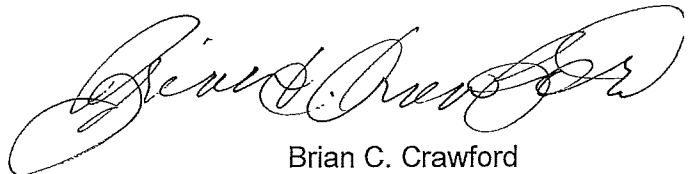
- Dept. of Finance
- County Counsel
- Human Resources

- N/A
- N/A
- N/A

Respectfully Submitted,



Leelee Thomas
Interim Planning Manager



Brian C. Crawford
Director

FMBB #100024387

