



COMMUNITY DEVELOPMENT AGENCY
PLANNING DIVISION

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SUBJECT: Repayment of loan funds to the California Housing Finance Agency

Dear Supervisors,

RECOMMENDATION:

1. Authorize repayment of the loan funds to the California Housing Finance Agency in the amount of \$1,699,627 from Fund 20111 (Housing – HELP).
2. Approve transfer of \$308,000 from the Housing Trust Fund 80401 fund balance to Fund 20111 for the repayment of the HELP loans.
3. Approve appropriating fund balance of \$1,391,627 in Fund 20111 to repay the HELP loans.

SUMMARY:

In January of 2003 and August of 2004 the Board accepted two loans through the California Housing Finance Agency's (Cal HFA) Housing Enabled by Local Partnership (HELP) program in the amounts of \$500,000 and \$950,000 for a total of \$1,450,000. HELP funds were used to establish a revolving loan fund to develop and preserve affordable housing throughout the County of Marin. The loan funds have an interest rate of 3% and a term of 10 years. Cal HFA is offering a time limited discount on the interest in exchange for early repayment. Staff is recommending that the County take advantage of the early payment offer from the California Housing Finance Agency.

FISCAL/STAFFING IMPACT:

The loans are due to Cal HFA on January 28, 2013 and August 26, 2014, respectively. If the County repays by October 30, 2012 there will be approximately \$55,000 in savings on interest payments over the remaining term of the loans. However, the Housing-HELP Fund 20111 does not have sufficient unrestricted fund balance to prepay both outstanding loans at this time. A portion of the HELP funds have been loaned to the Bolinas Community Land Trust in the amount of \$240,000 which is due in December 2013. In order to take advantage of the savings, staff proposes to use Housing Trust Funds to repay the portion of the HELP loan currently loaned to the Bolinas Community Land Trust. Repayment for the HELP loans is not budgeted in this fiscal year, so budget authority must be established in Fund 20111 to repay the loan.

REVIEWED BY: (These boxes must be checked)

- Department of Finance N/A
- County Counsel N/A
- Human Resources N/A

DISCUSSION:

The use of HELP loan funds has not kept pace with demand anticipated at the time the County applied for them. There are currently no affordable housing developers who are interested in taking advantage of these loan funds within the period they must be used. This is due to a variety of reasons, including limited eligible projects in the pipeline, low interest rates in the private sector, and the shortage of available permanent financing. Loan funds were used for affordable housing projects including the Fireside Affordable Apartments, Old Mill Commons, and the Bolinas Community Land Trust's Bolinas Station Project. The loans have been repaid, with the exception of Bolinas Community Land Trust, which is due in December 2013. Early repayment of these funds to CalHFA will not affect any current affordable housing projects and loan funds are available for future developments through both the County's Housing Trust Fund and the Marin Workforce Housing Trust.

SIGNATURE:

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FMBB DOCUMENTS: 100018402