

# COMMUNITY DEVELOPMENT AGENCY

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November 17, 2015

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Board of Supervisors  
County of Marin  
3501 Civic Center Drive  
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**SUBJECT:** Loan of Housing Trust Funds to the San Geronimo Valley Affordable Housing Association (The Association) for the acquisition and rehabilitation of the Forest Knolls Trailer Court.

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

Dear Board Members:

**RECOMMENDATION:** 1) Approve a loan in the amount of \$617,198 from the County's Housing Trust fund for the purchase and rehabilitation of the Forest Knolls Trailer Court. 2) Authorize President, subject to County Counsel approval, to execute (a) County Housing Trust Loan documents, in substantially the form presented, and (b) related documents (including subordination agreements) that may be required by other sources of financing for this project.

[www.marincounty.org/cda](http://www.marincounty.org/cda)

**SUMMARY:** The Forest Knolls Trailer Court provides a unique homeownership opportunity for low income families and individuals. The San Geronimo Valley Affordable Housing Association (The Association) is seeking to acquire the property from the County with the goal of preserving it as permanent affordable housing (see separate related action on today's agenda). The purchase of this property illustrates the acquisition for preservation strategy that will be discussed in more detail during the afternoon Board workshop on Preserving Housing Affordability and Preventing Displacement.

**BACKGROUND:** The Forest Knolls Trailer Court is a 20 unit mobile home park located in the unincorporated Marin County community of Forest Knolls in the San Geronimo Valley. Currently, 19 of the 20 spaces are occupied by mobile home owners who rent their space. In October of 2014, the County acquired the property for \$1,395,000 with the intent to preserve it as affordable housing. Prior to the County's purchase, the Trailer Court was continuously operated by the same owners since 1940 and space rents were maintained at a rate affordable to low and moderate income residents.

Over the past year, the Association has evaluated the rehabilitation needs of the property, including estimates for the costs of infrastructure and is prepared to finalize a Purchase and Sale Agreement with the County of Marin to acquire the property pending approval of grant funds from the County's Housing Trust Fund for the remaining subsidy gap. The proposed loan would provide part of the acquisition cost, an upgrade to the septic system and a paving plan that will meet Americans with Disabilities Act standards. The purchase price of the property was \$1,395,000 and

the Marin Community Foundation approved a loan in the amount of \$1,217,185. The Association is asking the County for a loan of \$617,198 from the County's Housing Trust Fund, consisting of the outstanding \$177,815 for the purchase price in addition to \$439,383 to upgrade the existing septic system, which is at the end of the normal 40 year life span, and the grading and paving will provide an accessible path of travel from every home to common areas to be improved within the property, and to the bus stop on Sir Francis Drake Boulevard.

The terms of the proposed loan would be a residual receipts loan that would generate income for the County's Housing Trust, only if the project's other financial obligations were met. Residual Receipts are defined as Annual Project Revenue less: (1) Annual Operating Expenses as approved in the Annual Budget; (2) obligated debt service payments on loans related to the Project at the closing of the loan (such as the Marin Community Foundation Loan), or (3) permits and licensing fees, taxes, and staffing costs, as approved at the closing of the loan, or as amended, as appropriate; and (4) scheduled deposits to reserves, as approved at the closing of the loan, or as amended, as appropriate. The loan term would be for 55 years with a 1% interest rate, and if at the end of the 55-year term the property is still operating as affordable housing, then any remaining loan balance would be forgiven.

The Marin County In-Lieu Housing Trust Fund (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. 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 loan for the Forest Knolls Trailer Court 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.

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.

**FISCAL IMPACT:** The proposed action will result in repayment to the County's General Fund the original \$1,395,000 purchase price. A Housing Trust Fund loan of \$617,198 will finance the sale to the San Geronimo Valley Affordable Housing Association and also provide funds for rehabilitation; funds for the loan are available in the Housing Trust Fund SAP #80401.

**REVIEWED BY:**

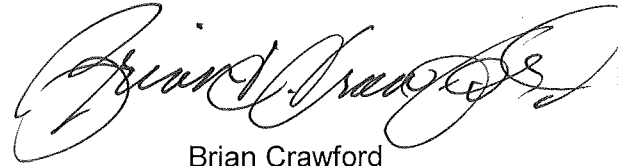
Auditor Controller  
 County Counsel  
 Human Resources

N/A  
 N/A  
 N/A

Respectfully Submitted,



Leelee Thomas  
Principal Planner



Brian Crawford  
Director

**Attachment:**

**1. County Housing Trust Loan Documents**

A full reference copy is available for public review at the Board of Supervisors office, 3501 Civic Center Drive, Suite 329 (8:00 am to 5:00 pm, Monday through Friday) and at the Community Development Agency, Planning Division, 3501 Civic Center Drive, Suite 308 (8:00 am to 4:00 pm, Monday through Thursday, closed Fridays).