



MEETING DATE: 6/01/09
ITEM NO:
CONSENT

4

REDEVELOPMENT AGENCY AGENDA REPORT

DATE: May 26, 2009

TO: CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GREG LARSON, TOWN MANAGER/EXECUTIVE DIRECTOR

A handwritten signature in dark ink, appearing to be "G. Larson", written over the name "GREG LARSON".

SUBJECT: ADOPT RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN AMENDMENT TO THE GRANT AGREEMENT WITH SENIOR HOUSING SOLUTIONS INCREASING THE COMMITMENT OF REDEVELOPMENT HOUSING FUNDS TO \$922,700 FOR THE ACQUISITION AND DEVELOPMENT OF FIVE UNITS OF VERY LOW-INCOME SENIOR HOUSING.

RECOMMENDATION:

Adopt resolution (Attachment 5) authorizing the Executive Director to approve an amendment to the Grant Agreement with Senior Housing Solutions (SHS) increasing the commitment of Redevelopment housing funds to \$922,700 for the acquisition and development of five units of very low-income senior housing.

BACKGROUND:

On December 3, 2007, the Town of Los Gatos Redevelopment Agency (RDA) Board approved a funding commitment of \$777,700 to SHS to purchase and rehabilitate a home in Los Gatos to create five units of senior housing. The five rooms would be rented to very low-income seniors whose incomes are \$1,000 per month or less. Details are contained in the December 3, 2008 Agency staff report (Attachment 1).

On April 7, 2008, the RDA Board reviewed a request from SHS for an additional \$55,000 (for a total of \$832,700 commitment) modification of the terms of the loan. The RDA Board also directed staff to negotiate the loan documents. Details are contained in the Agency staff report (Attachment 2).

(Continued on page 2)

PREPARED BY: Wendie R. Rooney, Deputy Executive Director

Reviewed by: PS Assistant Town Manager/Deputy Director OK Town
Attorney/General Counsel _____ Clerk Administrator/Secretary SC Finance
☒ Community Development

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: ADOPT RESOLUTION AUTHORIZING AN AMENDMENT TO GRANT
AGREEMENT WITH SENIOR HOUSING SOLUTION INCREASING
COMMITMENT OF FUNDS FOR FIVE UNITS OF VERY LOW-INCOME SENIOR
HOUSING.

May 26, 2009

On May 19, 2008, the RDA Board approved the increased funding commitment of \$55,000 to SHS, modified the terms of the loan, and approved a Revocable Grant Agreement, Regulatory Agreement and Declaration of Restrictive Covenants, and Deed of Trust. Details are contained in the Agency staff report (Attachment 3).

SHS has acquired the property and awarded the bid for the rehabilitation of the home located at 185 Anne Way. Two changes impacting the project budget occurred. First, the rehabilitation costs are higher than previously projected, which raised the project budget by \$36,093 plus an additional ten percent for estimated change orders (\$25,609). Second, SHS would like to install solar panels on the home which raised the budget by \$34,893, leaving a total funding gap of \$96,595.

DISCUSSION:

1. Request from Senior Housing Solutions:

SHS requests that the RDA Board increase its funding commitment for their project by \$90,000 from \$832,700 to \$922,700 to fill the majority of the aforementioned shortfall. SHS's revised pro forma includes funding from the following sources (Attachment 4):

Town of Los Gatos	County CDBG/Home Program	Housing Trust	Senior Housing Solutions	TOTAL
\$922,700*	\$150,000	\$455,000	\$35,610	\$1,563,310

**Includes the existing commitment of \$832,700 plus the SHS request for an additional \$90,000*

In order to amend the grant to SHS, staff is requesting the RDA Board direct staff to amend the existing Revocable Grant Agreement.

2. General Terms of the Revocable Grant Agreement:

The general terms of the existing Revocable Grant Agreement are as follows:

- Loan/revocable grant does not have a specific repayment date.
- Grant is repayable upon sale of the property or default on any of the RDA conditions.
- Units must be rented to seniors that qualify as a Very Low Income Household until loan is repaid.

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: ADOPT RESOLUTION AUTHORIZING AN AMENDMENT TO GRANT
AGREEMENT WITH SENIOR HOUSING SOLUTION INCREASING
COMMITMENT OF FUNDS FOR FIVE UNITS OF VERY LOW-INCOME SENIOR
HOUSING.

May 26, 2009

- Preference is given to seniors that live or work in Los Gatos.

The grant will be repayable upon sale of the property or default on the Agency's requirements. Should default occur, the repayment of the grant will be required in addition to interest equivalent of five percent per year from the date of the loan. Should the grantee act in a manner inconsistent with any of the grant documents, the Agency can call the loan and initiate foreclosure.

At this stage in the funding process, this request is only for a commitment of funding from the RDA. RDA staff would then proceed to amend the existing Revocable Grant Agreement with SHS, which would be brought back to the RDA Board for approval.

3. Consistency with Plans:

This request is consistent the following Town plans as summarized below:

- General Plan Housing Element: The Housing Element and Housing Element Appendix acknowledge the need for housing at various affordability levels and for senior housing. The Element states that population of seniors in the Town will increase 90 percent from 2000 to 2020.
- Redevelopment Plan and Redevelopment Law: State Redevelopment Law and the Redevelopment Plan require the expenditure of 20% of redevelopment tax increment revenues for affordable housing. The funding of the SHS request will fall within the timeframe required by State law for expenditure of monies from the Los Gatos RDA's Housing Fund.
- Redevelopment Implementation Plan: These funds would target low-income households as encouraged by the Implementation Plan and State Redevelopment Law.

The Plan and State law require that a minimum of 84.7% of the RDA Housing Fund expenditures target non-age restricted housing within the implementation period of 2002-2014. With approval of the subject loan, the RDA would be required to spend a minimum of roughly \$6,800,000 on non-senior housing.

When evaluating requests for RDA or Below Market Rate Program funds, staff generally uses the guide of expending approximately \$200,000 per unit. The SHS additional funding request for five units is within this guideline. Moreover, as noted above, the Agency has considerable funding available for both age

PAGE 4

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: ADOPT RESOLUTION AUTHORIZING AN AMENDMENT TO GRANT
AGREEMENT WITH SENIOR HOUSING SOLUTION INCREASING
COMMITMENT OF FUNDS FOR FIVE UNITS OF VERY LOW-INCOME SENIOR
HOUSING.

May 26, 2009

restricted and non-age restricted funding and projects an additional \$1.2 million in revenues in this and future fiscal years. Consequently, staff finds that the request for \$90,000 additional funds can be supported.

CONCLUSION:

The revised request is consistent with State Redevelopment Law and the Redevelopment Plan. An increased funding commitment of \$922,700 to Senior Housing Solutions will facilitate a five unit, very low-income senior housing project. The project would be funded with RDA's Housing Funds that must be spent on affordable housing projects. The facility would utilize an existing house in Los Gatos and is anticipated to be operational in approximately six months.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required. A categorical exemption will need to be granted when the Agency Board considers the final loan agreements.

FISCAL IMPACT:

Funding for this \$922,700 request would come from the Redevelopment Agency Housing Fund. The Fund has a current balance of approximately \$7.2 million.

Attachments:

1. Agency staff report of December 3, 2007 (attachments not included)
2. Agency staff report of April 7, 2008 (attachments not included)
3. Agency staff report of May 19, 2008 (attachments not included)
4. Senior Housing Solutions proforma
5. Resolution

Distribution:

Bob Campbell, Senior Housing Solutions, 512 Valley Way, Milpitas, CA 95035

N:\DEV\CNCLRPTS\2009\srhousingsolutions060109.doc



MEETING DATE: 12/3/07
ITEM NO:

COUNCIL/AGENCY AGENDA REPORT

DATE: November 27, 2007

TO: CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: PAMELA S. JACOBS, INTERIM EXECUTIVE DIRECTOR

SUBJECT: DIRECT STAFF TO NEGOTIATE AN AGREEMENT TO LOAN \$777,700 OF REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING FUND MONIES TO SENIOR HOUSING SOLUTIONS TO ACQUIRE AND REHABILITATE A HOME TO PROVIDE FIVE UNITS OF VERY LOW-INCOME SENIOR HOUSING.

RECOMMENDATION:

Direct staff to negotiate an agreement to loan \$777,700 of Redevelopment Agency Low and Moderate Income Housing Fund monies to Senior Housing Solutions to acquire and rehabilitate a home to provide five units of very low-income senior housing.

BACKGROUND:

1. Low and Moderate Income Housing Fund:

Under California Redevelopment Law, 20 percent of all redevelopment tax increment revenues must be set-aside in a separate account to be used for the purposes of affordable housing. These funds can only be used to retain or increase the supply of affordable housing in the community.

The Town of Los Gatos Redevelopment Agency (RDA) currently has a balance of roughly \$6.5 million in its Housing Fund. Redevelopment Law requires that an agency expend or encumber the money in its housing fund within specified timeframes. Specifically, housing fund amounts that exceed the aggregate amount deposited into the housing fund during the preceding four fiscal years is deemed to be "excess surplus." Agencies have three years in which to expend their excess surplus

PREPARED BY: Bud N. Lortz, Deputy Executive Director
NADEVACNCLRPTS2007/sr housing solutions 120307.doc

Reviewed by: _____ Assistant Town Manager/Deputy Director _____ Town
Attorney/General Counsel _____ Clerk Administrator/Secretary _____ Finance
_____ Community Development

CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

SUBJECT: COMMITMENT TO LOAN REDEVELOPMENT HOUSING FUNDS
TO SENIOR HOUSING SOLUTIONS FOR ACQUISITION AND
REHABILITATION OF SENIOR HOUSING

November 27, 2007

housing funds. Under the excess surplus requirements, the RDA must encumber \$519,000 from its Housing Fund by July 1, 2008.

2. Senior Housing Solutions:

Senior Housing Solutions (SHS) was formerly called Project Match. Their mission is to provide affordable housing to very low income seniors with annual incomes of less than \$12,000. SHS typically purchases an existing single family home which it rehabilitates to provide four or five senior housing units/bedrooms. Under their program, each senior is provided with an independent bedroom while the other living spaces are shared. SHS currently provides 42 units of senior housing in nine single family homes in Santa Clara County.

In 2003, the Town loaned SHS (then Project Match) roughly \$262,000 to purchase and rehabilitate a home in Los Gatos. The loan led to the purchase of the home at 14390 Blossom Hill Road.

DISCUSSION:

1. Request from SHS:

SHS requests \$777,700 of support from the Town to purchase and rehabilitate a second home in Los Gatos for five units of senior housing (Attachment 1). The five rooms would be rented to very low-income seniors whose incomes are \$1000 per month or less.

SHS proposes to fund this project from the following sources:

Town of Los Gatos	County CDBG/Home Program	Housing Trust	Senior Housing Services	TOTAL
\$777,700	\$450,000	\$100,000	\$4,700	\$1,332,400

When SHS has secured a financing commitment from the Town, they will submit applications to the County and the Housing Trust to obtain funding from those agencies. SHS targets May 2008 to secure all funding for the project. Subsequently, SHS will purchase a home and proceed with rehabilitation and conversion of the home to a senior residence. They hope to have the home complete in December 2008 with full rental by March 2009. A more detailed schedule is attached to their letter (Attachment 1).

CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

SUBJECT: COMMITMENT TO LOAN REDEVELOPMENT HOUSING FUNDS
TO SENIOR HOUSING SOLUTIONS FOR ACQUISITION AND
REHABILITATION OF SENIOR HOUSING

November 27, 2007

2. General Terms of Loan and Agreements:

At this stage in the funding process, this request is only for a commitment of funding from the RDA. RDA staff would then proceed to draft the formal agreements with SHS, which would be brought back to the RDA Board for approval.

Staff proposes that this loan mirror the terms contained in the previous loan to Project Match approved by the RDA Board in 2003. Those terms are summarized as follows:

- Loan term of 99 years at which time the loan will be due and payable in full or the property would revert back to the Town.
- 3% interest rate with deferred payments for the term of the loan.
- Units must be rented to seniors that qualify as a Very Low Income Household.
- Affordability restrictions will run for the 99-year period.
- Preference is given to seniors that live or work in Los Gatos.

These terms are similar to those used by other cities that have funded SHS projects.

3. Selection of Property:

Once SHS has secured all its financing, it can search for and enter into a contract to purchase a suitable home in Los Gatos. Typically, SHS tries to locate a home that can be modified to provide five bedrooms. Given the cost of housing near Downtown in the Redevelopment Project Area, it is likely that the home will be outside of the Project Area. When the RDA Board reviews the loan documents and agreements, staff will also include a resolution with findings to allow for Redevelopment Housing Funds to be expended outside of the Project Area, as allowed by Redevelopment Law.

When SHS has purchased a home, it will obtain building permits for any rehabilitation work. No conditional use permit is required, as State law preempts local government from regulating group homes of six or fewer individuals. However, SHS does conduct substantial outreach to the neighborhood in which the project will be located and the projects are generally well received once neighbors understand seniors will occupy the home.

PAGE 4

CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

SUBJECT: COMMITMENT TO LOAN REDDEVELOPMENT HOUSING FUNDS
TO SENIOR HOUSING SOLUTIONS FOR ACQUISITION AND
REHABILITATION OF SENIOR HOUSING

November 27, 2007

4. Consistency with Plans:

This request is consistent the following Town plans as summarized below:

- General Plan Housing Element: The Housing Element and Housing Element Appendix acknowledge the need for housing at various affordability levels and for senior housing. The Element states that population of seniors in the Town will increase 90 percent from 2000 to 2020.
- Redevelopment Plan and Redevelopment Law: State Redevelopment Law and the Redevelopment Plan require the expenditure of 20% of redevelopment tax increment revenues for affordable housing. The funding of the SHS request will fall within the timeframe required by State law for expenditure of monies from the Los Gatos RDA's Housing Fund.
- Redevelopment Implementation Plan: These funds would target low-income households as encouraged by the Implementation Plan and State Redevelopment Law.

The Plan and State law require that a minimum of 84.7% of the RDA Housing Fund expenditures target non-age restricted housing within the implementation period of 2002-2014. With approval of the subject loan, the RDA would be required to spend a minimum of roughly \$6,800,000 on non-senior housing. Staff sees no issues with this amount given the current Housing Fund balance of roughly \$6.2 million and roughly \$1.2 million in revenues deposited into the fund annually in this and future fiscal years.

CONCLUSION:

A funding commitment of \$777,700 to Senior Housing Solutions will facilitate a five unit, very low-income senior housing project. The project would be funded with monies from the RDA's Housing Fund that must be spent on affordable housing projects. The facility would utilize an existing house in Los Gatos and is anticipated to be operational in roughly one year. If this commitment is authorized, staff will return with the necessary agreements for Board approval in early 2008.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required. A categorical exemption will need to be granted when the Agency Board considers the final loan agreements.

PAGE 5

CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

SUBJECT: COMMITMENT TO LOAN REDDEVELOPMENT HOUSING FUNDS
TO SENIOR HOUSING SOLUTIONS FOR ACQUISITION AND
REHABILITATION OF SENIOR HOUSING

November 27, 2007

FISCAL IMPACT:

Funding for this \$777,700 request would come from the Redevelopment Agency Housing Fund. The Fund has a current balance of approximately \$6.5 million.

Attachments:

1. Letter from Senior Housing Solutions

Distribution:

Bob Campbell, Senior Housing Solutions, 512 Valley Way, Milpitas, CA 95035

N:\DEV\CNCLRPTS\2007\sr housing solutions 120307.doc



MEETING DATE: 4/7/08
ITEM NO:

COUNCIL/AGENCY AGENDA REPORT

DATE: March 31, 2008

TO: MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GREG LARSON, TOWN MANAGER/EXECUTIVE DIRECTOR

SUBJECT: INCREASE A PREVIOUS COMMITMENT TO LOAN \$777,700 OF REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING FUND MONIES TO \$832,700 FOR SENIOR HOUSING SOLUTIONS TO ACQUIRE AND REHABILITATE A HOME TO PROVIDE FIVE UNITS OF VERY LOW-INCOME SENIOR HOUSING, MODIFY THE TERMS OF THE LOAN, AND DIRECT STAFF TO NEGOTIATE THE LOAN DOCUMENTS

RECOMMENDATION:

Increase a previous commitment to loan \$777,700 of Redevelopment Agency Low and Moderate Income Housing Fund monies to \$832,700 for Senior Housing Solutions to acquire and rehabilitate a home to provide five units of very low-income senior housing, modify the term of the loan, and direct staff to negotiate the loan documents.

BACKGROUND:

On December 3, 2007, the Town of Los Gatos Redevelopment Agency (RDA) Board approved a funding commitment of \$777,700 to Senior Housing Solutions (SHS) to purchase and rehabilitate a home in Los Gatos for five units of senior housing. The five rooms would be rented to very low-income seniors whose incomes are \$1000 per month or less. Details are contained in the Council/Agency Staff Report for that meeting (Attachment 1). At that time SHS presented a pro forma budget of \$1,332,400 which assumed the purchase price of a single family home to be \$965,000.

Two changes impacting the project budget have occurred. First, the acquisition and rehabilitation costs are higher than previously projected which raised the project budget by roughly \$110,000 to \$1,442,595. Second, SHS was able to obtain only \$150,000 of funding through the Santa Clara County CDBG program rather than \$450,000 as shown in the pro forma, leaving a total funding gap of \$410,000.

PREPARED BY: Bud N. Lortz, Deputy Executive Director

Reviewed by: _____ Assistant Town Manager/Deputy Director _____ Town
Attorney/General Counsel _____ Clerk Administrator/Secretary _____ Finance
_____ Community Development

PAGE 2

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: INCREASE A PREVIOUS COMMITMENT TO LOAN \$777,700 OF
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME
HOUSING FUND MONIES TO \$832,700 FOR SENIOR HOUSING
SOLUTIONS

March 31, 2008

To assist SHS in addressing the funding gap, staff worked with the Housing Trust of Santa Clara County to increase their investment in the project by \$350,000 to a total of \$450,000. This represents the balance of funds that the Town has contributed to the Housing Trust.

With the increased investment from the Housing Trust, the shortfall is roughly \$60,000. SHS will invest an additional \$5,000 of its own funds in the house, leaving a remaining shortfall of \$55,000.

DISCUSSION:

1. Request from Senior Housing Solutions:

SHS requests that the RDA Board increase its funding commitment for their project from \$777,700 to \$832,700 to fill the remaining shortfall. SHS's revised pro forma includes now includes funding from following sources (Attachment 2):

Town of Los Gatos	County CDBG/Home Program	Housing Trust	Senior Housing Services	TOTAL
\$832,700	\$150,000	\$450,000	\$9,895	\$1,442,595

SHS has made an offer to purchase a single family home in Los Gatos. The offer contains a financing contingency which expires on April 17, 2008.

2. General Terms of Loan and Agreements:

At this stage in the funding process, this request is only for a commitment of funding from the RDA. RDA staff would then proceed to draft the formal agreements with SHS, which would be brought back to the RDA Board for approval.

At the previous RDA Board meeting, staff proposed that this loan mirror the terms contained in the previous loan to Project Match approved by the RDA Board in 2003. Those terms are summarized as follows:

- Loan term of 99 years at which time the loan will be due and payable in full or the property would revert back to the Town.
- 3% interest rate with deferred payments for the term of the loan.
- Units must be rented to seniors that qualify as a Very Low Income Household.

PAGE 3

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: INCREASE A PREVIOUS COMMITMENT TO LOAN \$777,700 OF
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME
HOUSING FUND MONIES TO \$832,700 FOR SENIOR HOUSING
SOLUTIONS

March 31, 2008

- Preference is given to seniors that live or work in Los Gatos.

SHS has requested that the loan term be modified. They propose a loan/revocable grant that does not have a specific repayment date, but would be repayable upon sale of the property or default on any of the Town's conditions. SHS states this type of funding would eliminate the impact of a deferred loan on their balance sheet by eliminating the annual accrued interest liability. This approach continues to ensure that SHS re-pay the Town including interest upon sale or default. SHS also states they are willing to designate this property as affordable housing in perpetuity if the Town is willing to finance the project with the revocable grant. The City of Campbell recently used a similar financing vehicle for a project in their jurisdiction.

3. Consistency with Plans:

This request is consistent the following Town plans as summarized below:

- General Plan Housing Element: The Housing Element and Housing Element Appendix acknowledge the need for housing at various affordability levels and for senior housing. The Element states that population of seniors in the Town will increase 90 percent from 2000 to 2020.
- Redevelopment Plan and Redevelopment Law: State Redevelopment Law and the Redevelopment Plan require the expenditure of 20% of redevelopment tax increment revenues for affordable housing. The funding of the SHS request will fall within the timeframe required by State law for expenditure of monies from the Los Gatos RDA's Housing Fund.
- Redevelopment Implementation Plan: These funds would target low-income households as encouraged by the Implementation Plan and State Redevelopment Law.

The Plan and State law require that a minimum of 84.7% of the RDA Housing Fund expenditures target non-age restricted housing within the implementation period of 2002-2014. With approval of the subject loan, the RDA would be required to spend a minimum of roughly \$6,800,000 on non-senior housing. Staff sees no issues with this amount given the current Housing Fund balance of roughly \$6.2 million and roughly \$1.2 million in revenues deposited into the fund annually in this and future fiscal years.

PAGE 4

MAYOR AND TOWN COUNCIL/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY

SUBJECT: INCREASE A PREVIOUS COMMITMENT TO LOAN \$777,700 OF
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME
HOUSING FUND MONIES TO \$832,700 FOR SENIOR HOUSING
SOLUTIONS

March 31, 2008

CONCLUSION:

The revised request is consistent with State Redevelopment Law and the Redevelopment Plan. An increased funding commitment of \$832,700 to Senior Housing Solutions will facilitate a five unit, very low-income senior housing project. The project would be funded with monies from the RDA's Housing Fund that must be spent on affordable housing projects. The facility would utilize an existing house in Los Gatos and is anticipated to be operational in roughly one year. If this commitment is authorized, staff will return with the necessary agreements for Board approval.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required. A categorical exemption will need to be granted when the Agency Board considers the final loan agreements.

FISCAL IMPACT:

Funding for this \$832,700 request would come from the Redevelopment Agency Housing Fund. The Fund has a current balance of approximately \$6.5 million.

Attachments:

1. Council/Agenda Staff Report for the meeting of December 3, 2007
2. Senior Housing Solutions Budget

Distribution:

Bob Campbell, Senior Housing Solutions, 512 Valley Way, Milpitas, CA 95035



MEETING DATE: 5/19/08
ITEM NO:

COUNCIL/AGENCY AGENDA REPORT

DATE: May 15, 2008

TO: MAYOR AND COUNCIL MEMBERS
CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY
BOARD

FROM: GREG LARSON, TOWN MANAGER/EXECUTIVE DIRECTOR

SUBJECT: ADOPT CONCURRENT RESOLUTION OF TOWN COUNCIL/
REDEVELOPMENT AGENCY APPROVING GRANT OF
REDEVELOPMENT HOUSING FUNDS TO SENIOR HOUSING
SOLUTIONS (185 ANNE WAY)

RECOMMENDATION:

Adopt concurrent resolution approving grant of Redevelopment housing funds to Senior Housing Solutions.

BACKGROUND:

On December 3, 2007, the Town of Los Gatos Redevelopment Agency (RDA) Board approved an increased funding commitment of \$832,700 to Senior Housing Solutions (SHS) to purchase and rehabilitate a home in Los Gatos for five units of senior housing. The five rooms would be rented to very low-income seniors whose incomes are \$1,000 per month or less. Details are contained in the Council/Agency Staff Report for that meeting (Attachment 1). The RDA Board had previously committed \$777,700 to SHS (Attachment 2).

DISCUSSION:

1. Grant Documents:

SHS is in contract to purchase a home at 185 Anne Way in Los Gatos. This is currently a four bedroom home of which SHS will undertake an interior remodel to create a fifth bedroom. The funding sources for the purchase and rehabilitation of the home are shown in the following chart.

PREPARED BY: BUD N. LORTZ,
DEPUTY EXECUTIVE DIRECTOR

Reviewed by: _____ Assistant Town Manager/Deputy Director _____ Town
Attorney/General Counsel _____ Clerk Administrator/Secretary _____ Finance
_____ Community Development

MAYOR AND TOWN COUNCIL MEMBERS/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY BOARD

SUBJECT: ADOPT A RESOLUTION APPROVING GRANT DOCUMENTS FOR
THE SENIOR HOUSING SOLUTIONS PROJECT

May 15, 2008

Town of Los Gatos	County CDBG/Home Program	Housing Trust	Senior Housing Services	TOTAL
\$832,700	\$150,000	\$450,000	\$9,895	\$1,442,595

In order to finalize the grant to SHS, staff is requesting RDA Board approval of three documents that have been prepared by Goldfarb & Lipman, outside RDA counsel, in conjunction with staff:

- Revocable Grant Agreement
- Regulatory Agreement and Declaration of Restrictive Covenants
- Deed of Trust

As stated in the previous staff report, the general terms of the grant documents are as follows:

- Loan/revocable grant does not have a specific repayment date.
- Grant is repayable upon sale of the property or default on any of the RDA conditions.
- Units must be rented to seniors that qualify as a Very Low Income Household until loan is repaid.
- Preference is given to seniors that live or work in Los Gatos.

The grant will be repayable upon sale of the property or default on the Agency's requirements. Should default occur, the repayment of the grant will be required in addition to interest equivalent of five percent per year from the date of the loan. Should the grantee act in a manner inconsistent with any of the grant documents, the Agency can call the loan and initiate foreclosure.

2. Occupancy Requirements:

The units will be made available to senior 62 years of age or older. The residents of the units must qualify as very low-income, meaning they will make less than 50% of the median county income. These requirements are contained in the Regulatory Agreement and will be in effect in perpetuity, even if the Agency's grant is repaid.

MAYOR AND TOWN COUNCIL MEMBERS/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY BOARD

SUBJECT: ADOPT A RESOLUTION APPROVING GRANT DOCUMENTS FOR
THE SENIOR HOUSING SOLUTIONS PROJECT

May 15, 2008

3. Location of Home:

The Anne Way property is located outside of the Central Los Gatos Redevelopment Project Area. Given the cost of housing within the Redevelopment Area, it is infeasible for SHS to purchase a home within the RDA boundaries. State law allows the use of RDA Housing Funds to be used outside of the Redevelopment area with the adoption of the finding contained in the attached resolution (Attachment 3). No discretionary permit, such as a conditional use permit, is required as State law preempts local government from regulating senior group homes with six or fewer individuals.

4. Consistency with Plans:

This request is consistent with the following Town plans as summarized below:

- General Plan Housing Element: The Housing Element and Housing Element Appendix acknowledge the need for housing at various affordability levels and for senior housing. The Element states that population of seniors in the Town will increase 90 percent from 2000 to 2020.
- Redevelopment Plan and Redevelopment Law: State Redevelopment Law and the Redevelopment Plan require the expenditure of 20% of redevelopment tax increment revenues for affordable housing. The funding of the SHS request will fall within the timeframe required by State law for expenditure of monies from the Los Gatos RDA's Housing Fund.
- Redevelopment Implementation Plan: These funds would target low-income households as encouraged by the Implementation Plan and State Redevelopment Law.

The Plan and State law require that a minimum of 84.7% of the RDA Housing Fund expenditures target non-age restricted housing within the implementation period of 2002-2014. With approval of the subject loan, the RDA would be required to spend a minimum of roughly \$6,800,000 on non-senior housing. Staff sees no issues with this amount given the current Housing Fund balance of roughly \$6.2 million and roughly \$1.2 million in revenues deposited into the fund annually in this and future fiscal years.

CONCLUSION:

Approval of the grant documents will implement the RDA Board's funding commitment to SHS of \$832,700. The request is consistent with State Redevelopment Law and the

PAGE 4

MAYOR AND TOWN COUNCIL MEMBERS/CHAIR AND MEMBERS OF THE
REDEVELOPMENT AGENCY BOARD

SUBJECT: ADOPT A RESOLUTION APPROVING GRANT DOCUMENTS FOR
THE SENIOR HOUSING SOLUTIONS PROJECT

May 15, 2008

Redevelopment Plan. The RDA's funding will enable the creation of a five-unit, very low-income home for seniors. The project is funded with monies from the RDA's Housing Fund that must be spent on affordable housing projects.

ENVIRONMENTAL ASSESSMENT:

Is a project as defined under the California Environmental Quality Act but is Categorically Exempt per Section 15301.

FISCAL IMPACT:

Funding for this \$832,700 request comes from the Redevelopment Agency Housing Fund. The Fund has a current balance of approximately \$6.5 million.

Attachments:

1. Council/Agenda Staff Report for the meeting of April 7, 2008
2. Council/Agenda Staff Report for the meeting of December 3, 2007
3. Resolution
4. Revocable Grant Agreement
5. Regulatory Agreement and Declaration of Restrictive Covenants
6. Deed of Trust

Distribution:

Bob Campbell, Senior Housing Solutions, 512 Valley Way, Milpitas, CA 95035

BNL:RT:mdc

N:\DEV\CNCLRPTS\2008\sr housing solutions 051908.doc

SENIOR HOUSING SOLUTIONS
LOS GATOS SENIOR RESIDENCE PROJECT
SOURCES AND USES

4 Bedroom 3 Bath acquisition with rehab into
5 Bedroom, 3 bath home
185 Anne Way

	Town of Los Gatos Redevelopment	Housing Trust of SCC	Urban Cnty CDBG	GAP	Senior Housing Solutions	TOTALS
Acquisition	667,906	432,094	0			1,100,000
Rehabilitation	57,810	0	150,000	90,000	18,785	316,595
Closing Costs & Fees 111,389	88,484	22,906	0		0	111,390
inspections & permits 900	900					900
escrow & title 1,613		1,613				1,613
perm loan admin fees 14,642	0	14,642				14,642
paymnet to seller for delay in close 1,184	1,184					1,184
taxes and fees 1,651		1,651				1,651
temp loan fees & interest						0
Developer Fee 91,400	86,400	5,000				91,400
Vacancy reserve 4,500					4,500	4,500
Start-up 30,825	18,500	0	0		12,325	30,825
program supplies 2,035					2,035	2,035
communications & cable 500					500	500
Equipment/House Furnish purchase 8,050					8,050	8,050
Contract services incl. A & E 18,500	18,500					18,500
utilities 1,740					1,740	1,740
TOTAL	832,700	455,000	150,000	90,000	35,610	1,563,310
STATUS OF FINANCING	<i>Committed</i>	<i>Committed</i>	<i>Committed</i>	<i>Requested</i>	<i>Committed</i>	
TYPE OF FINANCING	<i>Grant</i>	<i>Loan</i>	<i>Loan</i>	<i>Grant</i>	<i>Cash</i>	

RESOLUTION 2009-

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE TOWN OF LOS GATOS AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN AMENDMENT TO THE GRANT AGREEMENT WITH SENIOR HOUSING SOLUTIONS INCREASING THE COMMITMENT OF REDEVELOPMENT HOUSING FUNDS TO \$922,700 FOR ACQUISITION AND DEVELOPMENT OF FIVE UNITS OF VERY LOW-INCOME SENIOR HOUSING AND MAKING RELATED REQUIRED FINDINGS

WHEREAS, the Town Council (the "Town Council") of the Town of Los Gatos (the "Town") adopted the Redevelopment Plan for the Central Los Gatos Redevelopment Project by Ordinance No. 1882, adopted on November 25, 1991, as amended by Ordinance No. 1992, adopted on December 5, 1994 (the "Redevelopment Plan"), setting forth the plan for redevelopment of the Central Los Gatos Redevelopment Project Area (the "Project Area"); and

WHEREAS, the Redevelopment Agency of the Town of Los Gatos (the "Agency") is responsible for implementation of the Redevelopment Plan; and

WHEREAS, a central objective of the Redevelopment Plan and the California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. (The "Redevelopment Law"), is the creation of new housing to provide long-term affordable housing opportunities for low and moderate income households; and

WHEREAS, the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund") pursuant to Health and Safety Code Section 33334.2; and

WHEREAS, Senior Housing Solutions, a California nonprofit public benefit corporation (the "Developer"), requested a grant of Housing Fund monies from the Agency, to be utilized to acquire a single family home in the Town, which Developer intends to rehabilitate and operate as five units of affordable rental housing for very low income senior citizens (the "Property"); and

WHEREAS, on May 19, 2008 the Agency approved an Eight Hundred Thirty-Two Thousand Seven Hundred Dollar (\$832,700) grant (the "Grant") to the Developer to assist in financing the acquisition and rehabilitation of the Property; and

WHEREAS, the Developer requested an additional Ninety Thousand Dollars (\$90,000) be added to the Grant to the Developer that the Agency approved on May 19, 2008 to assist in financing the acquisition and rehabilitation of the Property; and

WHEREAS, the property is located outside of the Project Area; and

WHEREAS, the provisions of the Redevelopment Law applicable to the establishment and use of proceeds of the Housing Fund (Health and Safety Code Sections 33334.2 and 33334.3) expressly contemplate and permit the use of proceeds from the Housing Fund outside the Project Area upon findings by the Town and the Agency that such use will be of benefit to the Project Area; and

WHEREAS, the acquisition and rehabilitation of the Property as affordable senior housing will benefit the Project Area and serve major Redevelopment Plan goals and objectives by increasing the amount of housing available at affordable housing cost in the community; and

WHEREAS, the acquisition, rehabilitation, and operation of the Property by Developer will be consistent with the Agency's Implementation Plan (the "Implementation Plan") for the Project Area; and

WHEREAS, provisions of Redevelopment Law (Health and Safety Code Section 33334.3(j)) expressly allows for the use of Housing Fund monies to finance more than fifty percent (50%) of the cost of a project if the use of the funds is necessary when commercial or private financing is unavailable to finance the units at the level of affordability and quantity; and

WHEREAS, no alternate private or commercial financing is available with terms similar to those proposed in this Grant that would allow Developer to provide five units of very low-income housing for seniors at affordable rents; and

WHEREAS, on May 19, 2008 the Agency approved a Revocable Grant Agreement, Deed of Trust, and Regulatory Agreement (the "Agency Grant Documents") setting forth the terms and conditions of the Grant, including the requirement that Developer operate the Property as affordable rental housing for very low income senior citizens, which Agency Grant Documents are on file with the Agency Secretary; and

WHEREAS, by staff reports accompanying this Resolution and incorporated into this Resolution by this reference (the "Staff Reports"), the Agency and the Town has been provided with additional information upon which the findings and actions set forth in this Resolution are based; and.

WHEREAS, for the purpose of compliance with the California Environmental Quality Act ("CEQA"), the Town and the Agency have determined that, pursuant to the California Code of Regulations Section 15301, the making of the Grant and the acquisition and rehabilitation of the Property is categorically exempt from CEQA.

NOW, THEREFORE, BE IT RESOLVED THAT the Agency Board hereby find and determine that the above Recitals are true and correct and serve as the basis, in part, for the findings and actions of the Town and the Agency set forth below.

BE IT FURTHER RESOLVED that, based on information and analysis set forth in the above Recitals and contained in the Staff Reports, the Town and the Agency hereby find and determine: (i) pursuant to Health and Safety Code Section 33334.2(g) that the use of additional moneys from the Housing Fund to fund the acquisition, rehabilitation, and operation of the Property will be of benefit to the Project Area and the program of redevelopment pursuant to the Redevelopment Plan, and (ii) pursuant to Health and Safety Code Section 33334.3(j) that the use of the Grant is necessary because the Developer has made a good faith attempt, but has been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity.

BE IT FURTHER RESOLVED that the Agency hereby allocates an additional Ninety Thousand Dollars (\$90,000) of Agency Housing Fund monies to the Grant to the Developer that the Agency approved on May 19, 2008, and hereby amends the Agency's budget to the extent necessary to provide for such allocation.

BE IT FURTHER RESOLVED that the Town and the Agency hereby approve the amended Grant on the terms and conditions and with the affordability requirements set forth in the Grant Documents approved on May 19, 2008.

BE IT FURTHER RESOLVED that the Agency hereby approves the amended Agency Grant Documents and authorizes the Agency Executive Director to execute the documents in substantially the form on file with the Agency Secretary, with such minor revisions as are deemed necessary and appropriate by the Agency Executive Director, subject to Agency Counsel's approval, and to take all actions necessary to provide and implement the Grant.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos and the Redevelopment Agency of the Town of Los Gatos held on the 1st day of June, 2009, by the following vote:

COUNCIL/AGENCY MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR/CHAIR OF THE REDEVELOPMENT
AGENCY OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR/SECRETARY OF THE
REDEVELOPMENT AGENCY OF THE TOWN OF LOS
GATOS
LOS GATOS, CALIFORNIA

