



Legislation Text

File #: 2016-1061, Version: 1

Report to Housing Authority

Tuesday, October 18, 2016

Special Orders of the Day

SUBJECT:

SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND AFFIRMED HOUSING GROUP, INC. FOR A PROJECT LOCATED AT 402 EAST SEPULVEDA BOULEVARD, AND APPROVING A GRANT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND NEXUS FOR AFFORDABLE HOUSING, INC., A CALIFORNIA NON-PROFIT (HOUSING AUTHORITY)

I. SUMMARY

The Carson Housing Authority ("Authority") and Affirmed Housing Group, Inc., a Delaware corporation ("Developer"), entered into a Disposition and Development Agreement ("DDA") for development of a 65-unit affordable senior housing project ("Project") on the Authority-owned property located at 402 East Sepulveda Boulevard in the City of Carson. The DDA was amended in February, 2016, providing additional Housing Authority funding to make the project more competitive in the Low Income Housing Tax Credit ("LIHTC") process. The project received an award of tax credits in the March, 2016 LIHTC funding round, and is now proceeding with close of escrow and commencement of construction.

This Second Amendment makes a technical change to the DDA and does not increase the amount of Housing Authority funding or in any way change the project.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE Resolution No. 16-22-CHA, "A RESOLUTION OF THE CARSON HOUSING AUTHORITY APPROVING THE SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND AFFIRMED HOUSING GROUP, INC., AND APPROVING A GRANT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND NEXUS FOR AFFORDABLE HOUSING, INC.,

RELATING TO THE DEVELOPMENT OF 402 SEPULVEDA BOULEVARD.”

2. AUTHORIZE the Chairman to execute the Resolution and all Agreements related to the Amendment or Grant Agreement.

III. ALTERNATIVES

None.

IV. BACKGROUND

On June 16, 2015 the Authority and “Developer” entered into a DDA for development of a 65-unit affordable senior housing project on the Authority-owned property located at 402 East Sepulveda Boulevard. The DDA was amended for the first time on February 16, 2016, providing additional Housing Authority funding to make the project more competitive in the Low Income Housing Tax Credit (“LIHTC”) process. The project then received an award of tax credits in the March, 2016 LIHTC funding round, and is now proceeding with close of escrow and commencement of construction.

This Second Amendment makes a technical change to the DDA and does not increase the amount of Housing Authority funding or in any way change the project.

Because the Housing Authority funds shall partly be in the form of a \$2,700,000 cash grant to the Developer, and the Site was purchased using proceeds from the issuance of the Tax Allocation Housing Bonds, 2010 Series A, issued by the Community Redevelopment Agency of the City of Carson, California, the Grant Funds and the Land Value are being committed to the Project as a grant without being subject to the terms of the note, as described in the Grant Agreement. Because of the tax implications of the for-profit Developer receiving grants in the form of cash or land, the Developer has requested that the cash grant (“Grant”) be made to NEXUS for Affordable Housing, Inc., a California non-profit corporation (“NEXUS”), instead of the Developer. NEXUS will loan the proceeds of the Grant to Developer, or its assignee, for use in connection with the development and construction of the Project pursuant to the terms of the DDA.

All limited partnerships that develop affordable housing have non-profit partners as part of the structure. This structure keeps the Authority’s funds directed to a member of the partnership for use in the development of the project.

The land transfer from the Authority and the cash closing are anticipated in late November and the commencement of construction on the project will occur around December 5, 2016.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Resolution No. 16-22-CHA, "A RESOLUTION OF THE CARSON HOUSING AUTHORITY APPROVING THE SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND AFFIRMED HOUSING GROUP, INC., AND APPROVING A GRANT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND NEXUS FOR AFFORDABLE HOUSING, INC., RELATING TO THE DEVELOPMENT OF 402 SEPULVEDA BOULEVARD." (pgs. 4-5)

2. SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND AFFIRMED HOUSING GROUP, INC. GRANT AGREEMENT BY AND BETWEEN THE CARSON HOUSING AUTHORITY AND NEXUS FOR AFFORDABLE HOUSING, INC., RELATING TO THE DEVELOPMENT OF 402 SEPULVEDA BOULEVARD is included in Exhibit "A." (pgs. 6-13)

Prepared by: John Raymond, Community Development Director