City of Grass Valley
City Council and Redevelopment Agency
Agenda Action Sheet

Council Meeting Date: September 23, 2008 Date Prepared: September 12, 2008

Prepared by: Joe C. Heckel, Community Development Director Jeri Amendola, Housing / Economic Specialist

Title: Redevelopment Agency Loan Terms for Springhill Gardens Apartments

Recommended Motion: Authorize acceptance of the City of Grass Valley Redevelopment Agency (RDA) loan agreement terms, between the RDA and the borrower, Springhill Garden Associates, L.P. for a loan in principal amount of $600,000 from the Housing Set-Aside Fund

Agenda: Regular

Background Information: As part of conducting a TEFRA hearing on February 26, 2008 and authorizing the use of municipal bonds within the City of Grass Valley for purchase and rehabilitation of the Springhill Garden Apartments, the City Council were advised that the prospective property owners were seeking funding assistance from the City Redevelopment Agency in the amount of $600,000. Since February, City staff and representatives from the Spring Gardens Associates, L.P. have reviewed alternatives for how the City could assist in partially funding the estimated $3,000,000 of rehabilitation costs for this apartment complex of 121 units at 200 and 244 Dorsey Drive.

Both parties have arrived at a set of mutually agreeable terms for issuing a loan through the City’s Redevelopment Agency. The loan terms include three percent (3%) interest for thirty (30) years and provides for repayment to commence in 2011. Loan proceeds will be disbursed over two fiscal years at $300,000 per year. In exchange for issuing this loan from the RDA, the property owner has agreed to the following; 1) maintaining the units to be affordable for a 55 year period (so 50% of the units can be counted toward the RDA’s affordable housing obligation); 2) the owner would use local subcontractors in the rehabilitation efforts to their best extent possible, 3) the owner would purchase supplies and materials for the rehabilitation efforts within the City Limits to their best extent possible, and 4) waive their protest rights if the City ever decides to expand the RDA to include this property within its boundaries. Upon approval of these loan terms by the City, staff will return within 30 days with a finalized loan agreement for approval by the Agency that incorporates the loan terms supported by the City on September 23.

Funds Available: Yes

Account #: 5720-3039

Route to be Reviewed by:

___ City Administrator ___ Community Development ___ Finance

Action:

___ Approved ___ Approved with Modifications
___ Denied ___ Other

Agenda Item # ___________