

FORM APPROVED COUNTY COUNSEL
 BY: Gregory P. Priamos DATE 4/16/15

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF COMMISSIONERS
 HOUSING AUTHORITY
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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FROM: Housing Authority

SUBMITTAL DATE:
 April 16, 2015

SUBJECT: Adoption of Resolution No. 2015-006 Delegating Authority to the Housing Authority Executive Director or Designee to Modify and Amend the Terms of Certain Affordable Housing Loans Not Exceeding \$75,000 and Assumed by the Housing Authority from the Former Coachella Redevelopment Agency; All Districts;[\$0]; Not a Project Under CEQA

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the delegation of authority to the Executive Director, or designee, to modify the terms of certain affordable housing loans not exceeding \$75,000 and assumed by the Housing Authority from the former Coachella Redevelopment Agency, as set forth in the attached Resolution No. 2015-006, is not a project under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c) 3 and Section 15378 (b)(5);

(Continued)

Robert Field

Robert Field
 Executive Director

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT (per Exec. Office) |
|--|----------------------|-------------------|-------------|-----------------------------------|---|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/> |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | |
| SOURCE OF FUNDS: Not applicable | | | | Budget Adjustment: No | |
| | | | | For Fiscal Year: 2014/2015 | |

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

- Positions Added
- Change Order
- A-30
- 4/5
- Vote

Prev. Agn. Ref.: 10.1 of 6/04/13

District: 4

Agenda Number:

10-1

SUBMITTAL TO THE BOARD OF COMMISSIONERS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Housing Authority

FORM 11: Adoption of Resolution No. 2015-006 Delegating Authority to the Housing Authority Executive Director or Designee to Modify and Amend the Terms of Certain Affordable Housing Loans Not Exceeding \$75,000 and Assumed by the Housing Authority from the Former Coachella Redevelopment Agency; All Districts;[\$0]; Not a Project Under CEQA

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RECOMMENDED MOTION: (Continued)

2. Adopt the attached Resolution No. 2015-006 Delegating Authority to the Housing Authority of The County of Riverside's Executive Director or Designee to Modify and Amend Affordable Housing Loans Assumed from the Former Coachella Redevelopment Agency(Former RDA), and Approve and Execute Documents and Instruments Necessary to Effectuate and Implement Such Loan Modifications and Amendments Provided a Subject Loan (i) was Issued Under the Former RDA's First Time Homebuyer Down Payment Assistance Loan and Grant Program, Housing Rehabilitation Loan and Grant Program or Other Affordable Housing Loan Program,(ii) Does Not Exceed \$75,000 ,and (iii) was Funded with Former RDA Low And Moderate Income Housing Funds or Housing Bond Proceeds (Resolution No. 2015-006);
3. Authorize the Executive Director, or designee, to take all necessary steps to administer and implement the delegation of authority granted pursuant to Resolution No. 2015-006, including, but not limited to, the authority to approve and execute documents and instruments necessary to effectuate and implement the loan modifications and amendments, authorized and approved in Resolution No. 2015-006, including, but not limited to amendments to promissory notes, deeds of trusts, regulatory agreements and loan agreements, subject to approval by County Counsel.

BACKGROUND:

Summary

Pursuant to the Redevelopment Dissolution Act, the Coachella Redevelopment Agency (former Coachella RDA) was dissolved on February 1, 2012. On June 4, 2013, the Board of Commissioners approved a Memorandum of Understanding between the Housing Authority of the County of Riverside (Housing Authority) and the City of Coachella, thereby accepting the transfer of all housing functions and assets of the former Coachella RDA, including all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the former Coachella RDA. In its capacity as "housing successor" to the former Coachella RDA, the Housing Authority is also responsible for, among things, administering the former Coachella RDA's affordable housing loan portfolio, as identified in that certain Housing Asset List approved by the Department of Finance on march 5, 2015 (Affordable Housing Loan Portfolio).

The loans contained in the Affordable Housing Loan Portfolio were issued in connection with the former Coachella RDA's First Time Homebuyer Down Payment Assistance Loan and Grant Program and Housing Rehabilitation Loan and Grant Program, and other former Coachella RDA affordable housing loan programs funded with low and moderate income housing funds or housing bond proceeds. The beneficial interest in 35 affordable housing loans have been transferred to the Housing Authority by way of the Affordable Housing Loan Portfolio. The loans within the portfolio were issued to low income households and affordable multi-family housing projects. All loans are secured by subordinated deeds of trusts in 2nd or 3rd priority junior to a permanent and/or senior loan.

Approximately 7 loans issued to low income households within the Affordable Housing Loan Portfolio are currently delinquent and bringing such accounts current may constitute a hardship for the affected household since existing terms require payment of principle, interest and late fees. Housing Authority staff desires to recapture the original principal investment and interest, and encourage compliance with loan terms without creating hardship to these households. In addition, Housing Authority staff desires to streamline the process for assisting households in curing such delinquencies without increasing administrative costs. (Continued)

SUBMITTAL TO THE BOARD OF COMMISSIONERS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Housing Authority

FORM 11: Adoption of Resolution No. 2015-006 Delegating Authority to the Housing Authority Executive Director or Designee to Modify and Amend the Terms of Certain Affordable Housing Loans Not Exceeding \$75,000 and Assumed by the Housing Authority from the Former Coachella Redevelopment Agency; All Districts;[\$0]; Not a Project Under CEQA

DATE: April 16, 2015

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BACKGROUND:

Summary (Continued)

To facilitate implementation and administration of the loans within the Affordable Housing Loan Portfolio, increase the efficiency of the various loan programs, and save administrative costs, Housing Authority staff recommends that the Board of Commissioners delegate to the Housing Authority Executive Director, or designee, the authority to (i) modify and amend certain affordable housing loans not exceeding \$75,000 issued to low income households, and (ii) approve and execute documents and instruments necessary to effectuate and implement such loan modifications and amendments, including the authority to execute modifications and amendments to loan agreements, promissory notes, deeds of trust, other security instruments, and regulatory agreements, for the purpose of reducing or waiving late fees, extending loan repayment maturity dates, modifying monthly payment obligations without reducing loan amount, and/or deferring payment obligations, subject to the satisfaction of certain conditions precedent for the benefit of the Housing Authority, and further subject to approval by County Counsel, as more specifically described in the proposed Resolution No. 2015-006 attached hereto. The proposed loan modifications and amendments will allow for full recovery of the loan principal and interest.

The delegation of authority to the Housing Authority Executive Director or designee to modify and amend certain affordable housing loans, as more specifically described in Resolution No. 2015-006, is not a project under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378(b)(5), because it is an administrative activity of the government that will not result in direct or indirect physical changes to the environment. The activity to be approved and adopted pursuant to Resolution No. 2015-006 consists of the delegation of authority to the Housing Authority's Executive Director or designee to modify and amend existing affordable housing loans assumed from the former Coachella RDA, and approve and execute documents and instruments necessary to effectuate and implement such loan modifications and amendments, (collectively, "Loan Modification"), and will not result in direct or indirect physical changes to the environment. Based on the aforementioned, Housing Authority staff has determined that the Loan Modification is also not an activity subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3). Even if a determination is made that the Loan Modification is a project subject to CEQA, the delegation of authority and subsequent loan amendments and modifications are exempt pursuant to State CEQA Guidelines Section 15061(b)(3) General Rule or "Common Sense" Exemption, as it can be seen with certainty that there is no possibility that the modification and amendment of the affordable housing loans may have a significant effect on the environment, as they will have only financial effects and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by the Housing Authority staff with the County Clerk within 5 days of the adoption of Resolution No. 2015-006.

County Counsel has reviewed and approved Resolution No. 2015-006. Staff recommends that the Board of Commissioners formally adopt Resolution No. 2015-006.

Impact on Citizens and Businesses

Low income homeowner/loan recipients will benefit from proper and responsible loan service management. Recovered loan funds will benefit housing programs.

Attachments:

Housing Authority Resolution No. 2015-006

RESOLUTION NO. 2015-006

DELEGATING AUTHORITY TO THE HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE'S EXECUTIVE DIRECTOR OR DESIGNEE TO MODIFY AND AMEND AFFORDABLE HOUSING LOANS ASSUMED FROM THE FORMER COACHELLA REDEVELOPMENT AGENCY(FORMER RDA), AND APPROVE AND EXECUTE DOCUMENTS AND INSTRUMENTS NECESSARY TO EFFECTUATE AND IMPLEMENT SUCH LOAN MODIFICATIONS AND AMENDMENTS PROVIDED A SUBJECT LOAN (i) WAS ISSUED UNDER THE FORMER RDA'S FIRST TIME HOMEBUYER DOWN PAYMENT ASSISTANCE LOAN AND GRANT PROGRAM, HOUSING REHABILITATION LOAN AND GRANT PROGRAM OR OTHER AFFORDABLE HOUSING LOAN PROGRAM, (ii) DOES NOT EXCEED \$75,000, AND (iii) WAS FUNDED WITH FORMER RDA LOW AND MODERATE INCOME HOUSING FUNDS OR HOUSING BOND PROCEEDS

(Former Coachella Redevelopment Agency)

WHEREAS, the Coachella Redevelopment Agency ("RDA") was a redevelopment agency located in the County of Riverside ("County"), duly created pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq. "CRL");

WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the CRL. As a result of the Dissolution Act, the RDA was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

WHEREAS, upon the dissolution of the former RDA, all authority, rights, powers, duties, and obligations previously vested with the former RDA under the CRL (except for the former RDA's housing assets and functions) were vested with the Successor Agency to the Coachella Redevelopment Agency ("Successor Agency");

WHEREAS, pursuant to Health and Safety Code Section 34176, on January 25, 2012, the City of Coachella adopted Resolution No. 2012-10 electing not to retain responsibility for the housing assets and functions of the former RDA thus transferring the housing assets and functions previously performed by the former RDA to the

1 Housing Authority of the County of Riverside, a public entity, corporate and politic,
2 (“Housing Authority”);

3 **WHEREAS**, pursuant to Health and Safety Code section 34176, on June 4,
4 2013, the Board of Commissioners of the Housing Authority approved that certain
5 Memorandum of Understanding accepting the transfer of housing assets and functions
6 previously performed by the former RDA, excluding any amounts on deposit in the Low
7 and Moderate Income Housing Fund and enforceable obligations retained by the
8 Successor Agency, (“Asset Transfer”);

9 **WHEREAS**, the Asset Transfer included, among other things, the transfer to the
10 Housing Authority of the former RDA’s interests in affordable housing loan agreements,
11 promissory notes, deeds of trusts and other security instruments (“Loan(s)”) in
12 connection with the former RDA’s First Time Homebuyer Down Payment Assistance
13 Loan and Grant Program and Housing Rehabilitation Loan and Grant Program, and
14 other former RDA affordable housing loan programs funded with low and moderate
15 income housing funds or housing bond proceeds (“Loan Programs”). The Loans assist
16 low and moderate income households;

17 **WHEREAS**, an individual Loan does not exceed the amount of Seventy-Five
18 Thousand Dollars (\$75,000) per household and each deed of trust securing an
19 individual Loan is in either a second or third priority position;

20 **WHEREAS**, the Housing Authority as the “housing successor” to the former RDA
21 currently administers the Loan Programs and the Loans;

22 **WHEREAS**, some Loans within the Asset Transfer portfolio are delinquent and
23 bringing such accounts current may constitute a hardship since existing terms require
24 payment of principle, interest and late fees. The Housing Authority desires to recapture
25 the original principal investment and interest, and encourage compliance with Loan
26 terms without creating hardship to the household;

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1 **WHEREAS**, to facilitate implementation of the Loans, increase the efficiency of
2 the various Loan Programs, and save administrative costs, the Board of Commissioners
3 desires to delegate to the Housing Authority Executive Director, or designee, the
4 authority to modify and amend the Loans, and approve and execute documents and
5 instruments necessary to effectuate and implement such Loan modifications and
6 amendments, including the authority to execute modifications and amendments to Loan
7 agreements, promissory notes, deeds of trust, other security instruments, and
8 regulatory agreements, for the purpose of reducing or waiving late fees, extending Loan
9 repayment maturity dates, modifying monthly payment obligations without reducing
10 Loan amount, and/or deferring payment obligations, subject to the satisfaction of certain
11 conditions precedent for the benefit of the Housing Authority, and further subject to
12 approval by County Counsel;

13 **WHEREAS**, the Board of Commissioners has duly considered the terms of the
14 proposed delegation of authority, and believes that it is in the best interests of the
15 County of Riverside and the health, safety, morals and welfare of its residents, and in
16 accord with the public purposes and provisions of applicable State and local law and
17 requirements; and

18 **WHEREAS**, the Board of Commissioners believe that the proposed delegation
19 of authority will greatly benefit low and moderate income households within the County
20 and ensure continued affordability of their homes.

21 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND**
22 **ORDERED** by the Board of Commissioners of the Housing Authority, County of
23 Riverside, State of California, in regular session assembled on April 28, 2015, as
24 follows:

25 1. That the Board of Commissioners hereby find and declare that the
26 above recitals are true and correct and incorporated herein.

1 2. That the Board of Commissioners hereby approve and authorize
2 the delegation of authority to the Housing Authority Executive Director, or designee, to
3 modify and amend the Loans assumed from the former Coachella Redevelopment
4 Agency ("former RDA"), and approve and execute documents and instruments
5 necessary to memorialize, effectuate and implement such Loan modifications and
6 amendments, including, but not limited to the authority to execute modifications and
7 amendments to Loan agreements, promissory notes, deeds of trust, other security
8 instruments, and regulatory agreements, for the purpose of reducing or waiving late
9 fees, extending Loan repayment maturity dates, modifying monthly payment obligations
10 without reducing Loan principal amount, and/or deferring payment obligations, provided
11 the following conditions are satisfied:

- 12 a. The subject loan was obtained under the former RDA's First Time
13 Homebuyer Down Payment Assistance Loan and Grant Program, Housing
14 Rehabilitation Loan and Grant Program, or other affordable housing loan
15 program funded with former low and moderate income housing funds or
16 housing bond proceeds.
- 17 b. The subject loan to be modified or amended by the Housing Authority
18 does not exceed \$75,000.
- 19 c. The amendment or modification does not involve an increase in the
20 underlying principal loan amount;
- 21 d. The payor or obligor resides in the real property against which such loan is
22 secured, as his/her principal residence.
- 23 e. The payor or obligor is not in default under any terms of the subject loan
24 agreement or related documents, except in connection with payment of
25 the loan amount.
- 26 f. The payor or obligor in connection with such loan is experiencing financial
27 hardship;
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FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* 4-1-15
JAILER BROWN

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- g. The payor or obligor has not made a payment towards the subject loan in at least 1 year;
 - h. The subject loan is in arrears at least \$2,000 (including past due principle, interest and late fees);
 - i. The existing priority of the deed of trust securing the subject loan remains the same or in an improved position after amended.
 - j. The amended loan terms substantially conform to the original loan terms.
 - k. In the event of an extension to the loan repayment maturity date, such extension shall not exceed 10 years.
 - l. In the event of an extension to the loan repayment maturity date, the termination date of any related regulatory agreement and/or affordability covenants may be extended to ensure the repayment maturity date does not exceed the affordability period.
 - m. All loan amendments and/or modifications, including the effectuating and implementing documents and instruments, including, but not limited to amendments to promissory notes, deeds of trusts, regulatory agreements and loan agreements, are subject to review and approval by County Counsel;
5. This Resolution shall take effect upon its adoption.