



## Stanislaus Regional Housing Authority

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**DATE:** March 9, 2023

**TO:** Board of Commissioners

**FROM:** Jim Kruse, Executive Director

**SUBJECT:** Consent Item #3 - The 1612 – Phase II

### **Background:**

In 2019 the Housing Authority purchased the Clarion Hotel with the intention of converting the use of the building into the Housing Authority's Main Public Housing Administrative Office and the conversion of 144 units into affordable Workforce Housing units. At the time of the acquisition the project obtained funding sufficient to meet the conversion of the Public Housing Office, which is nearly completed, and the conversion of the Workforce Housing units.

In early 2020 the Country experienced a wide range of challenges such as COVID-19 business closures, economic declines, material shortages, and labor shortages. These conditions have resulted in cost increases almost triple the original cost estimates for the Workforce Housing conversion. In order to complete the project, staff has worked to develop an alternate financing package that will include a mix of California Housing Finance Agency (CalHFA) funding and 4% Tax Credit Allocations. The partners have provided an aggressive timeline for applying for the financing with the first CalHFA funding application due in mid-March 2023 followed by the Tax Credit funding application in May 2023. It is the intention to receive funding and start construction in the later part of 2023, or earlier if funding is received, with a 12–15-month completion date. Without this financing package, or one very similar, adequate alternate financing for the project is doubtful at this time.

### **Consenting:**

Authorizing the Executive Director to proceed with the tax credit/bond-based financing plans for the completion of The 1612 Sisk Road Workforce Housing Development and further authorizing the Executive Director to take the necessary actions to proceed with the tax credit application process and any necessary legal entity formations to facilitate the tax credit/bond financing for the project.

