



Stanislaus Regional Housing Authority

ALPINE | AMADOR | CALAVERAS | INYO | MARIPOSA
MONO | STANISLAUS | TUOLUMNE COUNTIES

Date: March 9, 2023
To: Board of Commissioners
From: Jim Kruse, Executive Director
Subject: ACTION ITEM #3 - RESOLUTION APPROVING STANISLAUS REGIONAL HOUSING AUTHORITY TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH KINGDOM DEVELOPMENT, LLC. FOR THE PURPOSE OF ESTABLISHING THE TERMS OF A JOINT VENTURE FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT CALLED THE 1612 APARTMENTS LOCATED AT 1612 SISK ROAD, MODESTO CA

Resolution No. 22-23-30

RECOMMENDATION

Following review and discussion, staff recommends the Board of Commissioners approve Stanislaus Regional Housing Authority to enter into a Memorandum of Understanding with Kingdom Development, LLC. for the purpose of developing up to 144 affordable workforce housing units at 1612 Sisk Rd, Modesto CA 95350.

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 (Phase I), which is nearly completed, and the conversion of the 144 Workforce Housing units (Phase II).

In early 2020 the Country experienced a wide range of challenges such as COVID-19 epidemic which resulted in 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, 4% Tax Credit Allocations, and PLHA funding from the City of Modesto (City). Staff intends to secure financing and start construction in the November 2023, or earlier if funding is received, with a 12–15-month completion date.

Kingdom Development and RPH Development LLC. approached Stanislaus Regional Housing Authority with interest in developing affordable housing on Stan Regional owned property at 1612 Sisk Road. Modesto, CA. Kingdom Development, LLC. And RPH Development LLC have been instrumental partners in securing \$4,000,000 in CalHFA funding and is well positioned to secure the remaining project funding needs. The Housing Authority is interested in creating a partnership with Kingdom Development LLC to secure needed funding and construction services to complete the 144 unit project.



FISCAL IMPACT

Initial proposal costs of \$200,000 and \$15,000 per year to be paid through project development and future operating income.

ATTACHMENT:

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WHEREAS, Stanislaus Regional Housing Authority desires to increase the number of affordable housing units in its service area; and

WHEREAS, The 1612 Apartment 144-unit apartment complex located at 1612 Sisk Road Modesto, CA 95350 would provide much needed affordable housing options to Stanislaus County residents; and

WHEREAS, Kingdom Development, LLC. has secured \$4,000,000 in California Housing Finance Mixed Income Program (CalHFA MIP) funding and expects to receive the remaining project funding through California Debt Limit Allocation Committee (CDLAC) bond and state tax credit application; and

WHEREAS, the Executive Director will have legal review and approval of any memorandum of understanding agreement documents; and

WHEREAS, the Executive Director is authorized to take all necessary actions to execute the memorandum of understanding documents; and

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of Stanislaus Regional Housing Authority, that:

1. The Executive Director is authorized to negotiate a Memorandum of Understanding with Kingdom Development, LLC.
2. The Executive Director is authorized, after legal review, to sign all necessary documents and take all necessary actions to execute all Memorandum of Understanding documents and any other funding related documents.
3. This Resolution shall take effect upon adoption by the Board of Commissioners.

DULY AND REGULARLY ADOPTED by the Board of Commissioners of Stanislaus Regional Housing Authority this 13th Day of April 2023. On a motion by _____, seconded by _____, and on the following roll call vote:

Ayes:

Absent:

Nays:

Abstain:

Approved: _____
Chairperson

Attest: _____
Secretary

