

COUNTY OF SACRAMENTO CALIFORNIA

For the Agenda of:
December 12, 2017
Timed: 2:00 P.M.

To: Board of Supervisors

From: Office of Economic Development

Subject: Request For County Contribution To Financially Support Construction Of
Mather Veterans Village Located At The Former Mather Air Force Base

Supervisory
District(s): Nottoli

Contact: Troy Givans, Director, 874-2413

Overview

Mather Veterans Village (MVV), located on the former Mather Air Force Base in the City of Rancho Cordova (City), is a veterans housing community that is being built in three phases on a 3.65 acre site donated by the County of Sacramento under a no cost lease to the City. The initial phase of the MVV has been completed and provides permanent supportive housing for formerly homeless and disabled veterans. Phase II will be the supportive services and transitional housing component of the overall project and Phase III will add additional permanent supportive housing.

To date, the County has contributed the 3.65 acre site (including the former base infirmary building) and a \$1.0 million forgivable loan (MVV Phase II) to support this project. The County, through the Housing Authority, has also committed housing assistance payments (project based vouchers) averaging \$600 per month per unit to 25 permanent supportive housing units located in MVV Phase I and 50 permanent supportive housing units located in MVV Phase III. This report presents a recent funding request from the City for an additional \$1.0 million County contribution to support MVV Phase II construction costs. Actions recommended in this report authorize County entering into a funding agreement to provide one time funding of \$1.0 million to the City for the construction of Phase II transitional housing units supporting homeless veterans in the Greater Sacramento Community.

Recommendations

1. Receive this report and authorize increased County support to homeless veterans in the Greater Sacramento Community through contribution of an additional \$1.0 million to fund MVV Phase II construction costs.
2. Direct that the funds be allocated from the remaining County Fiscal Year 2017-18 Adopted Budget Contingency.
3. Adopt the attached Resolution authorizing the County Executive, or designee, to execute on behalf of the County a funding agreement to provide \$1.0 million to the City of Rancho Cordova for MVV Phase II construction costs.

Measures/Evaluation

To date the County has committed real property and financial support to the MVV Project. Actions recommended in this report authorize an additional \$1.0 million of County support to homeless veterans in the Greater Sacramento Community.

Fiscal Impact

Contingency funds were included in the County's Fiscal Year 2017-18 Adopted Budget to fund County needs that arise during the year. These Contingency Funds are County discretionary dollars and approximately \$4.0 million remain unallocated. Board direction to provide \$1.0 million of one time funding increased support to the MVV Project will reduce the Contingency by that amount. Utilizing \$1.0 million of the Contingency for this project will reduce the amount of discretionary resources available to fund other potential needs in FY2017-18 and/or future years.

BACKGROUND

Mather Veterans Village (MVV), located on the former Mather Air Force Base in the City of Rancho Cordova (City), is a veterans housing community that is being built in three phases on the 3.65 acres site donated by the County under a no cost lease to the City of Rancho Cordova (MVV Project). The 3.65 acre site includes the former base infirmary building. The County has transferred ownership of the infirmary building to the City at no cost in connection with MVV Project. The approximated value of the site and the infirmary building is \$1.825 million.

The initial phase of the MVV has been completed and provides permanent supportive housing for formerly homeless and disabled veterans. Phase II will be the supportive services and transitional housing component of the overall project and Phase III will add additional permanent supportive housing. The Mather Veterans Village informational brochure attached (Attachment 1) provides an overview of the three MVV Phases, Support Services, Development Team, and Financing and Community Partners.

To date the County has supported the MVV Project through donation of County owned land and the infirmary building (\$1.825 million), a \$1.0 million forgivable loan, and a commitment of 75 housing assistance vouchers which have a current cumulative value of \$540,000 per year assuming an individual voucher value of \$600 per month. The City recently requested the County contribute an additional \$1.0 million to close an approximately \$1.0 million funding gap in MVV Phase II financing. The City's request is included in this report as Attachment 2. The one time funding would support housing for homeless veterans and support the existing investments the County has made in the project.

During Fiscal Year 2017-18 budget deliberations, the Board requested a workshop in regards to the use of revenues from sale of County owned properties at Mather. The Mather Revenue and Expenditure Workshop was scheduled for November 14, 2017 and continued to a future date. Due to the time sensitive nature of the MVV Project funding this report was scheduled separately from the Workshop.

DISCUSSION

The following is a financial overview of the funding requirements and funding sources for the three MVV Phases prepared from information provided by the City. The municipal (County and

City) contributions to the MVV Project are then summarized along with the estimated gap in funding for MVV Phases II and III.

MVV Phase I

MVV Phase I was completed through a partnership between the City and Mercy Housing California, and provides permanent supportive housing for formerly homeless and disabled veterans. The following is an overview of the Phase I construction funding requirements together with permanent sources of funds.

<u>Total Construction Funding Requirement</u>		\$22,033,675
<u>Sources of Funds (Permanent)</u>	<u>Amount</u>	<u>Comments</u>
City of Rancho Cordova	\$1,000,000	refer to note 1
City of Rancho Cordova	\$95,362	refer to note 2
HCD LHTF	\$1,000,000	refer to note 3
GP Loan – HCD IIG	\$941,552	refer to note 4
MHP	\$3,000,000	refer to note 5
Capital Contribution	\$100	General Partner
Capital Contribution	\$15,996,661	Limited Partners
Total Permanent Sources	\$22,033,675	

Note 1: City of Rancho Cordova General Fund Loan to City's Housing Trust Fund

Note 2: City Economic Development Bank Credits – Regional Sewer Fees

Note 3: California Department of Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF)

Note 4: HCD Infill Infrastructure Grant Program (IIG)

Note 5: HCD Multifamily Housing Program (MHP)

The MVV Phase I was constructed on land contributed by the County. The City has advised that an appraisal valued the Phase I land at \$500,000. The land value amount is not reflected in the Total Funding Requirement or the Permanent Sources of Funds. The County has committed 25 housing assistance vouchers to Phase I. Additional information on the assistance vouchers is provided in the Housing Assistance Vouchers section below.

MVV Phase II

MVV Phase II will be constructed on land the County has contributed and make use of the infirmary building. The County has also provided a \$1.0 million forgivable loan to support Phase II of the MVV Project. The County was recently advised by the City that a funding gap of approximately \$1.0 million exists for the MVV Phase II construction. MVV Phase II, a partnership between the City and Veterans Housing Development Corporation, will function as the supportive services and transitional housing component of the overall project.

The following is an overview of estimated funding requirements for MVV Phase II construction together with permanent sources of funds that have been identified to date.

<u>Total Construction Funding Requirement</u>	\$10,102,994
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<u>Sources of Funds (Permanent)</u>	<u>Amount</u>	<u>Comments</u>
Land Donation	\$600,000	Site and building contributed by County
Sacramento County Loan	\$1,000,000	refer to note 1
City of Rancho Cordova Grant	\$55,000	
Deferred Developer Fee	\$356,746	Paid by developer after deferral period
Home Depot Foundation	\$500,000	
CA Department of Finance Grant	\$1,475,000	
LISC	\$25,000	refer to note 2
VHHP	\$4,989,944	refer to note 3
Total Permanent Sources	\$9,001,690	
Funding Gap	\$1,101,304.30	
Note 1: Forgivable loan of County Redevelopment Bond Proceeds		
Note 2: Local Initiatives Support Corporation (LISC)		
Note 3: California Department of Housing and Community Development Veterans Housing and Homelessness Prevention Program (VHHP)		

At this time the City is requesting that County make an additional \$1.0 million contribution to financially support MVV Phase II construction costs. This request was identified in the Mather Revenue and Expenditure Workshop item presented to the Board on November 14, 2017. The Board did not take action on this request during the November 14th meeting and directed staff to report back specifically on the City request.

MVV Phase III

Phase III, a partnership between the City and Mercy Housing California, will add additional permanent supportive housing.

The following is an overview of estimated funding requirements for MVV Phase III construction together with permanent sources of funds that have been identified to date. As shown below there is a funding gap of approximately \$900,000 for this phase.

Total Construction Funding Requirement \$20,256,209

<u>Sources of Funds (Permanent)</u>	<u>Amount</u>	<u>Comments</u>
Land Donation	\$725,000	Site contributed by County
Rancho Cordova Measure H	\$75,000	Community Enhancement Fund
City of Rancho Cordova	\$91,150	refer to note 1
City of Rancho Cordova	\$249,066	refer to note 2
Measure A Fee Exemption	\$41,350	
VHHP	\$6,080,651	refer to note 3
LISC	\$45,000	refer to note 4
Capital Contribution	\$100	General Partner
Capital Contribution	\$12,048,213	Limited Partner
Total Permanent Sources	\$19,355,530	
Funding Gap	\$900,679	

Note 1: City Economic Development Bank Credits – Regional Sewer Fees

Note 2: City of Rancho Cordova Transportation Fee reduction

Note 3: California Department of Housing and Community Development Veterans Housing and Homelessness Prevention Program (VHHP)

Note 4: Local Initiatives Support Corporation (LISC)

The County has committed 50 housing assistance vouchers to Phase III. Additional information on the assistance vouchers is provided in the Housing Assistance Vouchers section below.

As of this time, the City has not identified a plan to address the \$900,000 funding gap.

Municipal Contributions Summary

The municipal contributions from the County and City supporting the MVV Project are summarized below.

Source	City	County	MVV Phase
City Loan to City's Housing Trust Fund	\$1,000,000		Phase I
City Regional Sewer Fee Credits	\$95,362		Phase I
County - Land		\$500,000	Phase I
City – Grant	\$55,000		Phase II
County - Land and Building Donation		\$600,000	Phase II
County – Forgivable Loan		\$1,000,000	Phase II
City – Measure H	\$75,000		Phase III
City Regional Sewer Fee Credits	\$91,150		Phase III
City Transportation Fee Reduction	\$249,066		Phase III
Measure A Fee Exemption	\$41,350		Phase III
County - Land Donation		\$725,000	Phase III
Total	\$1,511,566	\$2,825,000	

MVV Phase II and III Funding Gap

Based on information provided by the City the MVV Phase II and III have a funding gap of approximately \$1.1 million and \$900,000, respectively. Combined, the funding gap totals \$2.0 million. As of this time, the City has not identified a plan to address the \$900,000 funding gap. The City has represented that the \$1.0 million request for County support of Phase II is part of a broader City strategy to close the \$2.0 million funding gap.

Housing Assistance Vouchers

The County through the Housing Authority has committed housing assistance payments averaging \$600 per month per unit to 25 permanent supportive housing units located in MVV Phase I and 50 permanent supportive housing units located in MVV Phase III. To provide this assistance, valued at approximately \$540,000 annually, the County Housing Authority has allocated 75 Department of Housing and Urban Development Housing Choice Voucher Program vouchers to the MVV Project. Fifty of the vouchers are Veteran's Affairs Supportive Housing Program (HUD-VASH) vouchers and twenty-five are project based vouchers, both programs being under the Housing Choice Voucher Program. The HUD-VASH vouchers are split evenly

between permanent supportive housing units located in Phase I and Phase III. Housing assistance payments will be provided for initial terms of 15 years (MVV Phase I) and 20 years (MVV Phase III), with renewal options available for both Phases.

POLICY CONSIDERATIONS

The combined County and City support to the MVV Project through their respective funding sources totals approximately \$4.3 million. The County has provided approximately \$2.8 million of this amount. The County has also provided support through dedication of 75 project-based housing vouchers valued at approximately \$540,000 annually. The County has made a significant investment in the MVV Project providing housing to homeless veterans in the Greater Sacramento Community. Based on information provided by the City, it is not possible to complete the MVV Project without addressing the \$1.1 million funding gap in Phase II. To close this gap the City has requested an additional \$1.0 million of support from the County.

FINANCIAL ANALYSIS

County investment of an additional \$1 million to support Phase II of the MVV Project beyond the level of support the County has already committed will require that a County funding source be identified. The County anticipates receiving proceeds totaling approximately \$2.9 million from the recent sale of County owned property at Mather to the Department of Veteran Affairs. The proceeds from this sale constitute discretionary revenue and that revenue has been included in the Fiscal Year 2017-18 Adopted General Fund Budget. Contingency funds were included in the County's Fiscal Year 2017-18 Adopted Budget to fund County needs that arise during the year. These Contingency Funds are County discretionary dollars and approximately \$4.0 million remain unallocated. Board direction to provide \$1.0 million increased support to the MVV Project will reduce the Contingency by that amount. Utilizing \$1.0 million of the Contingency for this project will reduce the amount of discretionary resources available to fund other potential needs in FY2017-18 and/or future years.

Respectfully submitted,

APPROVAL RECOMMENDED:

TROY GIVANS, Director
Office of Economic Development

NAVDEEP S. GILL
County Executive

Attachments:

Resolution

Attachment 1 – Mather Veterans Village informational brochure

Attachment 2 – Letter from Rancho Cordova