

## OMB Contract Review

<b>Contract Name</b>	Affordable Housing Program project funding recommendation for Heritage Oaks by Heritage Oaks, LLLP (Newstar).				
<b>RANICUS</b>	23-0579A	<b>Contract #</b>		<b>Date:</b>	4/14/23

**Mark all Applicable Boxes:**

Type of Contract									
CIP		Grant		Other	x	Revenue		Project	

**Contract information:**

<b>New Contract (Y/N)</b>	Yes	<b>Original Contract Amount</b>	\$3.36M
<b>Fund(s)</b>	1009, 1010	<b>Amount of Change</b>	n/a
<b>Cost Center(s)</b>	242220, 242250, 243110	<b>Contract Amount</b>	\$3.36M
<b>Program(s)</b>	1331	<b>Amount Available</b>	\$1M CDBG, \$1.5M HOME, \$860,000 SHIP
<b>Account(s)</b>	5800001	<b>Included in Applicable Budget? (Y/N)</b>	Yes, FY24
<b>Fiscal Year(s)</b>	FY24		

**Description & Comments**

(What is it, any issues found, is there a financial impact to current/next FY, does this contract vary from previous FY, etc.)

This is to recommend approval of requested funding for Heritage Oaks by Heritage Oaks, LLLP.

Heritage Oaks is the first phase of redevelopment of the Rainbow Village public housing community. Heritage Oaks was awarded 9.0% tax credits in early 2022 but has since reported significant construction cost increases as well as interest rate hikes. As part of the Tax Credit award, the County committed LGAO funding in the amount of \$610,000 as described in Granicus 21-1499A. The developer is requesting an additional \$2.75M due to construction cost increases totaling 3.65M.

That additional cost is being covered by the additional County funding of \$2.75M and other non-County sources totaling \$900,000. The County's prior commitment was \$610,000, a new requested is \$2.75M resulting in the total of \$3.36M from the County.

The Department is recommending using the federal and state grants since they have upcoming spending deadlines rather than using local Penny funds. Also, as this is a senior housing project, it is not eligible for Penny construction funds because of the economic development requirement for those dollars.

The County funding source will come from the following:  
\$1.0M CDBG, \$1.5M HOME, and \$860,000 SHIP.

This funding is consistent with the FY24 Budget Development and is included in FY24 Requested Budget for Housing and Community Development Department within the respectable Federal and State Funds.

**Analyst: Yana Matiyuk**

**Ok to Sign:**