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City Manager's Report
May 13, 2025, City Council Meeting
Prepared By: Carl Cahill, interim Development Services Director
Item#: 12.4

Subject: Consider authorizing the City Manager to negotiate the Competitive Permanent Local Housing Allocation (CPLHA) loan agreement and affordable housing regulatory agreement between the City of Placerville and the Mallard Apartments, LP in the approximate amount of \$400,000 and authorizing the City Manager to execute the said agreements and any other related loan documents.

Recommendation: Adopt a resolution:

1. Authorizing the City Manager to negotiate the Competitive Permanent Local Housing Allocation (CPLHA) loan agreement and affordable housing regulatory agreement between the City of Placerville and the Mallard Apartments, LP in the approximate amount of \$400,000; and
2. Authorizing the City Manager to execute the said agreements and any other related loan documents.

Purpose: The purpose of this authority is to allow the City Manager as the designated person to negotiate and sign the necessary loan documents between the City and the developer, Mallard Apartments, LP that is funded by the CPLHA grant program that have been awarded to the City for affordable housing development. The City Council has previously approved resolutions for the submittal of the application to HCD/CPLHA, and now this is an additional grant loan for the Mallard Apartment development.

Strategic Plan Strategy: Increase Revenues.

Discussion: The City Council approved the CPLHA (November 10, 2020, Resolution 8917) resolution to apply and since then, the City was awarded CPLHA funding for the Middletown Apartments and the Mallard Apartments.

The City was made aware of the \$400,000 2020 CPLHA Grant earlier this year and issued a Notice of Funding Availability (NOFA) on February 26, 2025, and the City received two applications from the following developers by the March 12, 2025 NOFA deadline:

1. Mallard Apartments, LP
2. Jamboree Housing Corporation

Staff is recommending the award of the CPLHA Grant/Loan to Mallard Apartments, LP, that has an active project that is currently under construction.

The application from Jamboree Housing Corporation, is for the Clementine Apartments project. At this time, it is unknown if the project can be substantially completed in the specified time frame. The County controls certain public property or right of way areas that are necessary for the project to be viable. The County appears to be unwilling to grant the project the access needed.

Since the funds are coming through HCD, the loan needs to be between the City of Placerville Mallard Apartments, LP. This loan has 3% simple interest for 55 years. There is no payment due unless there is positive cash flow for that year, the property is sold, or refinanced. After 55 years, the loan will need to be refinanced. These are typical affordable housing loan terms and are called residual receipt loans. Any repayment of the loan will be treated as program income for that particular program.

The CPLHA funding request that is before the Council is for the Mallard Apartments Project only. The Mallard Apartments Project is fully entitled, and construction is underway. CPLHA Grant loan will be used for unanticipated project site work construction costs.

Options:

1. Approve staff's recommendations.
2. Award the CPLHA Grant Loan to Jamboree Housing Corporation.
3. Direct staff to take other actions.

Environmental: Pursuant to CEQA, the potential environmental impacts of the Mallard Apartments Project were analyzed, and a Mitigated Negative Declaration was prepared and adopted by City Council. SCH Number 2016112062 and SCH Number 2003092025.

Cost: If approved, there will be some staff time required for negotiating the loan agreements and administering the grant activities, including processing reimbursement requests received from the developers.

Budget Impact: If approved, the City may be eligible to receive reimbursement for associated staff costs from the CPLHA Grant.

M. Cleve Morris, City Manager

Carl Cahill, Interim Development Services Director

Attachments:

- A. Resolution