



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: July 24, 2018

Subject: Consent to defer receipt of County loan payments from Giant Road Apartments, San Pablo

RECOMMENDATION(S):

CONSENT to deferment of payments on a loan consisting of HOME Investment Partnerships Act and Community Development Block Grant funds made to Giant Road Development L.P. for the Giant Road Apartments in San Pablo to allow for repairs of water intrusion.

FISCAL IMPACT:

No General Fund impact. The loan previously approved was one hundred percent federal funds.

BACKGROUND:

On December 15, 2005, the County loaned Giant Road Development L.P. \$1,700,000 of Community Development Block Grant and HOME Investment Partnerships Act funds for the development of Giant Road Apartments in San Pablo. The loan is repaid only from residual receipts (funds remaining after mortgage payment and operating expenses) and payments are typically between \$4,000 and \$6,000 per year.

Section 1(h) of the Amended and Restated Intercreditor Agreement states that residual

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **07/24/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor

Candace Andersen, District II
Supervisor

Diane Burgis, District III
Supervisor

Karen Mitchoff, District IV
Supervisor

Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: July 24, 2018

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Kara Douglas
925-674-7880

cc:

receipts are income remaining after specific expenses including any extraordinary operating costs approved by the county.

The apartments are damaged from water intrusion due to a possible construction defect. Giant Road Development has filed a claim against the contractor, but must address repairs immediately. The State of

BACKGROUND: (CONT'D)

California is also a lender to this developer and is allowing Giant Road Development to use a reserve account to fund the repairs. The State is requiring that the reserve account be replenished ahead of any residual receipts payments to the County. Giant Road Development is seeking the County's consent to both using the reserve account to pay for the repairs and using residual receipts to replenish the reserve account, unless and until another source of funds is secured for the repairs. County staff recommends consent.

CONSEQUENCE OF NEGATIVE ACTION:

If the County does not consent to this request the repairs will be delayed until either the claim is successful and the contractor pays for the repairs, or until the developer slowly makes repairs over several years as funds are available.