



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 19-096

Board Meeting Date: 1/29/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Ken Cole, Director

Subject: Participation in HUD Public Offering to refinance existing Section 108 Loan for Trestle Glen Apartments at El Camino Village

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The Director of the Department of Housing, or his duly authorized agent, to notify the U.S. Department of Housing and Urban Development (HUD) of the County of San Mateo's desire to participate in the February 2019 public offering by HUD through the Loan Guarantee Assistance Program under Section 108 of the Housing and Community Development Act of 1974 (Section 108), as amended, for the existing obligation B-06-UC-06-0006 in the original principal amount of \$7,145,000 and to refinance the original principal amount of \$7,145,000 at such rates of interest that will be determined by HUD at the time of the Public Offering; and
- B) The Director of the Department of Housing, or his duly authorized agent, to execute the necessary documents as required by HUD to refinance the existing guaranteed Section 108 note and to execute such other documents, contracts, amendments and agreements with HUD, and to authorize payment of any required fees, as may be necessary to effectuate this refinancing transaction.

BACKGROUND:

On February 26, 2008, the Department of Housing ("DOH") entered into a Contract for Loan Guarantee Assistance, as a borrower, with the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974 (the "Section 108 Loan"). DOH executed a promissory note (loan number B-06-UC-06-0006) in the amount of \$7,145,000 for the development of Trestle Glen Apartments at El Camino Transit Village (the "DOH Section 108 Note").

The Section 108 Loan is currently in good standing and has an outstanding balance of \$4,345,000. On November 27, 2018, HUD notified DOH that HUD would be issuing a public offering for the Section 108 Loan Guarantee Program for the purposes of refinancing existing Section 108 notes (the

“HUD Public Offering”) and that the DOH Section 108 Note was eligible to be included in the HUD Public Offering. Participating in the HUD Public Offering would substantially reduce the current interest rate on the DOH Section 108 Note and provide significant savings to DOH.

DISCUSSION:

On November 27, 2018, HUD notified DOH about the HUD Public Offering for the purposes of refinancing the DOH Section 108 Note, which was initially executed on February 26, 2008 in the amount of \$7,145,000 to provide financing for Trestle Glen Apartments at El Camino Village.

Participation in the HUD Public Offering will result in a refinancing of the DOH Section 108 Note and will provide significant savings to San Mateo County. HUD estimates that the net savings would be approximately \$404,145 between now and the Note’s final maturity date.

HUD has notified DOH that the HUD Public Offering is tentatively scheduled for February 13, 2019 at which time HUD will provide loan documents to be executed by DOH and HUD to refinance the DOH Section 108 Note.

DOH is requesting authorization to participate in the HUD Public Offering and to refinance the DOH Section 108 Note.

County Counsel has reviewed and approved the resolution as to form.

Approval of these actions contributes to the Shared Vision 2025 outcome of Livable Community in that they enable the increase of funding, through savings, critical to a spectrum of activities that help vulnerable residents achieve a sustainable quality of life.

FISCAL IMPACT:

There is no net county cost. The refinancing of the Section 108 Loan for Trestle Glen Apartments will provide a savings to the County.