

Senior housing project on the horizon

July 27, 2023



It's taken over a decade but it appears the conditions may be right to develop much needed senior housing in Crescent City. The conditions are a bit complicated but the journey to this point shows an encouraging outcome for the addition of needed senior housing.

Here's some background history: In 2011, the Redevelopment Agency of Crescent City acquired the property known as the El Patio Motel, 655 H St. The original intent was to raze the dilapidated motel and replace with affordable housing.

During that same time, a decision by the California Supreme Court dissolved all redevelopment agencies. The city passed a resolution electing to retain all the housing assets and functions previously performed by the Redevelopment Agency (RDA) to the city. Crescent City now owned a housing asset.

In 2016, the city entered into a disposition and development agreement (DDA) with developer Danco communities of Arcata for the construction of a 27 unit, low income senior housing project. This project was contingent upon Danco securing appropriate financing. Danco applied for tax credits for several years, unsuccessfully. The project stalled.

In 2017, the Crescent City Housing Authority applied for 26 project-based vouchers (PBV). The application has since expired.

In late Fall, 2022, in a last moment application, the city and Danco applied for the tax credits. 60 days later, Crescent City learned it was awarded \$5 million in prospective State funding for the senior vouchers.

The time now seems opportune to develop this multi-unit senior housing. Here are the terms:

Danco will purchase the vacant land for the appraised value of \$160,000.

Danco agrees to pay the city an additional \$750,000, payable over 55 years at 3 percent interest. A note for \$910,000 will be secured by a deed of trust secured on the H Street property.

The city will apply the \$5 million Competitive Permanent Local Housing Allocation vouchers to this project.

The property will be restricted for 55 years to the affordability requirements by the recording of a housing covenant.

The closing of the transaction is contingent upon Danco communities securing a \$9.8 million in either grant or traditional funding.

Construction to commence within 30 days after the property has been transferred and the housing will be completed within 18 months.

The project is exempt from the California Environmental Quality requirements (CEQA).

The resolution declaring certain vacant land as exempt surplus and approved a development and disposition agreement with Danco communities for low-income senior housing was unanimously passed by the council.

Danco will be submitting this tax credit application by August 8.