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Sup. Glover Blocks Proposed Sale Of \$18 Million Bond

By Greta Mart Staff Reporter Thursday March 01, 2012 **Local News**



Supervisor Federal Glover blocked a planned sale of \$18 million in countyissued bonds to finance the construction of the controversial Martinez senior housing development called Berrellesa Palms this week.

Consent calendar item C77 on this week's Contra Costa Board of Supervisor's agenda called for the immediate sale of millions of dollars worth of mortgage revenue bonds, and the resolution was poised to pass until Glover yanked it from the voting line-up, calling the bond sale "premature" and intended to build "Section 8 housing," not the idyllic,

caring, active senior apartments originally touted by the developer, Resources for Community Development.

"The residents of Martinez do not need or want another Section 8 project," said Glover in a pre-meeting statement. "I am pulling this item and sending it back to the Martinez City Council so that residents have the opportunity to weigh in."

The Council approved the 49-unit Berrellesa Palms project in Sept. 2009 after nearly a year of contentious community meetings. A group of opposing downtown property owners and residents then filed a lawsuit in an attempt to prevent construction, but a Contra Costa Superior Court judge ruled in RCD's favor.

Scheduled to be completed by mid-2010, the project's one-acre parcel – bought by RCD from the Dunivan Family Trust for \$1.4 million in Oct 2010 - remains all-but-vacant today after RCD struggled to find public funding sources.

The nonprofit organization is known for partnering with various governmental agencies and private investors to build affordable and special needs housing around the Bay Area.

Initially slated for rental to active seniors aged 55 or older with incomes up to \$32,000, Berrellesa Palms was promoted by supporters for the economic infusion tenants would bring to the downtown.

RCD staff informed City leaders in December that the company had received promise of a \$6 million state grant rather than a federal U.S. Department of Housing and Urban Development (HUD) grant to build the project, and that the state money came with more strings attached.

City staff questioned whether this constituted a wholly different use of the property and a breach of the conditions of approval agreed upon in 2009.

"When we discovered that the tenancy of the [Berrellesa Palms] project had changed to 100 percent frail





assisted living some of us were concerned that the expected economic benefit to the downtown economy would not be realized. I decided to bring this new development to the City Council for review and discussion," Mayor Rob Schroder said Tuesday.

"RCD was in attendance at that meeting and explained the changes in tenancy due to the changing financing environment.

A majority of the members of the City Council directed staff to review the Conditions of Approval (COA) and determine if the change in tenancy violates any of those COA's. We also instructed our city attorney to review any possible violations of the COA and if they are enforceable under current State and Federal Housing laws and regulations."

The change in a key public funding source narrowed the eligibility of prospective tenants to recipients of Medical, Medicaid and convalescent care and only those aged 62 and older would be able to rent the twobedroom apartments once built.

The annual income of those prospective tenants would also be capped at about \$22,000, according to RCD staff, and rents would be subsidized and the development deemed Section 8 eligible.

"When funding fell through, the developers of the project asked that it be funded as an eligible Section 8 housing development. The City of Martinez 'passed on' this request to the County, sending the item to the County without the City Council weighing in beforehand," said Glover.

"The Martinez City Council needs the opportunity to weigh in on whether they want this approved housing project to be Section 8," he continued. "If or when it comes to the Martinez City Council for a vote, I will be standing there side by side with Martinez residents in the public hearing voicing my objections."

When the Board's Feb. 28 agenda was published, some residents questioned if it was actually legal for the Supervisors to vote on a matter that is technically currently under consideration by the City of Martinez.

"The financing of the Berrellesa Palms project is completely separate from what the City of Martinez is reviewing. How this or any other project is financed is not under the purview of the City of Martinez," remarked Schroder.

"I can't comment on the technical aspects of the Board of Supervisor's decision to place the item on the consent agenda.

As of [Tuesday], staff is planning to take this item back to the City Council on March 21 for further discussion and direction," said City Manager Phil Vince.

Asked for comment about Glover's action, RCD Director of Housing Development Lisa Motoyama explained in an emailed response that, "RCD is requesting a bond inducement for Berrellesa Palms. The inducement allows the County as an entity with the ability to issue bonds, the ability to issue them on behalf of the project. As the agenda notes, there is no financial impact to the County. The bond inducement is a preliminary step we take as part of assembling financing."

Resolution No. 2012/62 read in part, "WHEREAS, the Board of Supervisors of the County, after careful study and consideration, has determined that there is a shortage of safe and sanitary housing within the County, and that it is in the best interest of the residents of the County and in furtherance of the health, safety and welfare of the public for the County to assist in the financing of housing developments; and WHEREAS, pursuant to Division 31 of the Health and Safety Code of the State of California ... the County is empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise providing funds to finance the development of multi-family rental housing, including units for lower-income households and very-low income households ... the Board of Supervisors has now determined to provide financing for [the Berrellesa Palms project]."

Schroder laid out some practical details of the project most relevant to Martinez officials.

"These facts remain: The RCD project was approved by both the Planning Commission and the City Council after several public hearings. Those decisions were upheld in Superior Court. We have yet to determine if there are any violations of the [Conditions of Approval] and if those conditions are legal under state and federal law. We expect to have some determinations from our staff and legal counsel later in the month of March. Any future action by the City Council depends on those determinations," said Schroder.

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"Regarding Supervisor Glover's statement, we hope to meet with him to discuss our plans for Berrellesa Palms. Programs such as Section 8 rent reduction subsidies do help people, particularly fixed income seniors, afford to pay for their living expenses by significantly reducing their rent burden. A number of very affluent communities in Contra Costa County have welcomed Section 8 senior apartments to their community. It is unfortunate that citizens in Martinez do not feel the same way," said RCD's Motoyama.



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