



CITY COUNCIL STAFF REPORT

ITEM NO. 5.8

DATE: April 14, 2025

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing the execution of a Subordination Agreement with Tri Valley BMR, LLC and the Department of Housing and Community Development for the Vineyard 2.0 project.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager, or her designee, to execute a Subordination Agreement with Tri Valley BMR, LLC, and the Department of Housing and Community Development for the Vineyard 2.0 project.

SUMMARY

On January 10, 2022, the City Council approved a resolution authorizing the appropriation of funding for the development of the Vineyard 2.0 affordable housing and community care facilities project and approving funding agreements and related documents between the City of Livermore and Tri Valley BMR, LLC, including the subordination of the City's loan and regulatory agreements to other approved lenders.

In December 2023, the project completed construction and opened operations in January 2024. The project consists of 24 affordable, accessible housing units for very low and extremely low-income households with histories of homelessness. Additionally, the project is operating a kitchen and dining room and is serving hot meals 5-7 days a week for Livermore's homeless and low-income neighbors in partnership with Open Heart Kitchen.

The Vineyard project is now replacing its construction financing with the previously approved permanent lenders, including the California Department of Housing and Community Development (HCD). HCD has agreed to loan Tri Valley BMR, LLC, \$4,469,948 and has requested the City to execute a subordination agreement to reflect the State HCD's Regulatory Agreement as senior to the City's Deed of Trust and Regulatory Agreement. The new loan will provide access to the State's No Place Like Home (NPLH) fund and is permanent financing for the project.

DISCUSSION

In 2017 and 2018, the Livermore City Council approved funding for the Housing Consortium of the East Bay (HCEB), the sole managing member of the Tri Valley BMR, LLC, to finance initial predevelopment and acquisition expenses necessary to acquire the property located at 460 North Livermore Avenue (the "Vineyard Site") and design a mixed-use affordable housing project with community-serving facilities known as the Vineyard 2.0 project (the "Project").

In December 2023, construction on Vineyard 2.0 was completed and opened for operation in early 2024. The Project consists of 24 affordable housing units for very low and extremely low-income households with histories of homelessness. Additionally, the project is operating a kitchen and dining room and is serving hot meals 5-7 days a week for Livermore's homeless and low-income neighbors in partnership with Open Heart Kitchen.

The Vineyard 2.0 project is consistent with the City's Housing First Initiative, a comprehensive strategy to reduce homelessness. The project also provides dedicated, permanent infrastructure to address the food and service needs of persons at risk of and experiencing homelessness in Livermore and their nonprofit service providers. All housing units, except for the manager's unit, are affordable to households earning 20 to 30 percent of Area Median Income (AMI).

On January 10, 2022, the City Council approved a resolution authorizing the appropriation of funding for the development of the Vineyard 2.0 affordable housing and community care facilities project and approved funding agreements and related documents between the City of Livermore and Tri Valley BMR, LLC, including subordination agreements with the County and Chase Bank for the construction loan. The subordination agreement included the City Housing Regulatory Agreement as senior to the other financing partner's Deed of Trust.

California Department of Housing and Community Development (HCD) has agreed to loan Tri Valley BMR, LLC, \$4,469,948 and execute a subordination agreement to reflect the State HCD's Regulatory Agreement as senior to the City's Deed of Trust and Regulatory Agreement. The new loan will provide access to the State's No Place Like Home (NPLH) fund and is permanent financing for the Project.

As proposed, the subordination order will not adversely affect the City's financial interest in the property, nor its regulatory interest in restricting the use of affordable housing for people experiencing homelessness.

FISCAL AND ADMINISTRATIVE IMPACTS

There are no fiscal impacts to report.

COMMUNITY PILLAR

1: A Safe Community that Thrives.

GOAL

7: Expand and preserve the supply of affordable housing opportunities.

ATTACHMENTS

1. Resolution

2. Exhibit A - Agreement

Prepared by: Fran Earl
Housing and Human Services
Manager

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director