



# City of Salinas

COMMUNITY DEVELOPMENT DEPARTMENT

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December 6, 2023

Envision Housing LLC  
Sibley Simon, Managing Director, Envision II, LLC  
189 Walnut Ave.  
Santa Cruz, CA 95065

**SUBJECT: City of Salinas Conditional Funding Reservation Letter for Predevelopment Funds for the 100% Affordable Multifamily Housing Development at 467/479 E. Market Street**

Dear Mr. Simon:

The City of Salinas has reserved \$500,000 from the California Department of Housing and Community Development (HCD) Prohousing Incentive Program (PIP) funds allocated towards the development of affordable housing within the City of Salinas and to be utilized as gap financing in affordable rental housing developments. The intent of these funds is to provide partial financial assistance with costs associated with the predevelopment phase of the 100% affordable multifamily housing project to be located at 467/479 E. Market Street in Salinas, California. The development will consist of 75 residential units with complementary commercial space, parking, and community amenities on the ground floor.

The terms of the financing will be as follows:

<b>Lender</b>	City of Salinas
<b>Borrower</b>	Envision Housing LLC 189 Walnut Ave. Santa Cruz, CA 95065
<b>Loan Amount</b>	\$500,000 (Predevelopment)
<b>Loan Funding Source</b>	Prohousing Incentive Pilot (PIP) Program
<b>Interest Rate</b>	No more than 3%, simple interest rate
<b>Payment Schedule</b>	Interest and then principal to be paid from residual receipts
<b>Term</b>	55 Years
<b>Expenditure Deadline</b>	City of Salinas funds committed to the 467/479 E. Market Street project must be expended no later than December 31, 2025. Please note the expenditure date is

subject to change as the City has not yet received the Standard Agreement for the PIP Program Funds from HCD.

**Disbursement** Funds will be disbursed on a reimbursement basis.

**Conditions** Availability of City's funds are contingent upon the receipt of:

1. The provision of adequate documentation from Envision Housing LLC demonstrating either the receipt of funds or provision of adequate documentation of a specific intent to provide pre-development funds from the following sources:
  - Monterey County Community Foundation (\$1,500,000)
  - Housing Trust of Silicon Valley (\$1,250,000)
  - Private Impact Loans (\$700,000)
  - Bridge Loans (\$1,600,000)
  - Investor Equity and Deferred (\$3,000,000 – \$4,000,000)
  - 3CE Grant - Awarded 9/21/21 (\$120,000)
  - DTSC Grant - Awarded 6/6/22 (\$800,000)
2. The provision of a 467/479 E. Market Street project predevelopment budget, predevelopment scope of work, and predevelopment project timeline.

The PIP Program funds are conditioned on the receipt by the City of such funds from HCD. The funds will be available at the earliest convenience upon execution of the PIP Funding Agreement between the City and Envision Housing LLC.

Sincerely,

Jim Pia  
Interim City Manager

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