

STAFF REPORT

DATE: October 20, 2026

TO: Successor Agency to the Davis Redevelopment Agency
City Council

FROM: Dana Bailey, Social Services and Housing Director
Alberto Preciado, Finance Manager
Kelly Stachowicz, Assistant City Manager

SUBJECT: Davis TRIO Refinance and Rehabilitation Agreements

Recommendation

1. Approve the attached resolution that allows the Davis Redevelopment Successor Agency to approve the assignment and assumption agreements for the Davis TRIO affordable housing projects.
2. Approve the attached resolution that allows the Davis TRIO Mutual Housing Associates, Limited Partnership to assume the existing City loans for Moore Village, Tremont Green and Twin Pines ("Davis TRIO") and subordinate these loans to the new bond financing of Davis TRIO, which will provide funding to rehabilitate the three properties.

Fiscal Impact

There are no out of pocket costs for the City, other than staff time to prepare the documents. This is a restructuring of existing loans the City made to the properties when they were developed years ago. The restructuring will include the principal from the original loans, as well as the accrued interest from those loans.

The refinance, while directly providing revenue to the projects for rehabilitation, also pushes any residual revenue that the City might see to a time frame further in the future. This opportunity cost has been deemed appropriate, as the City retains affordable units in good condition without needing to provide new funding.

Council Goal(s)

Housing

Background and Analysis

Separate from the public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA"), in connection with the proposed issuance of revenue bonds by the California Public Finance Authority (CPFA), the Davis TRIO project requires additional approvals in order to move forward with the repositioning and rehabilitation of the three (3) properties (Moore Village, Tremont Green and Twin Pines) that make up the proposed development.

These include restructuring and streamlining the existing loans on each property and an approval to subordinate the assumed loans to the new bond financing for the project.

Background

Mutual Housing California (Mutual) owns and operates multiple all-affordable multi-family rental projects in Davis and desires to restructure the current financing on three of the properties (Moore Village, Tremont Green, and Twin Pines), in order to raise revenue to rehabilitate each of the projects.

Mutual is proposing to consolidate the three projects into a single entity called Davis TRIO. This will establish funding to effect needed repairs and improved operational efficiency for Mutual. The property will be owned by Davis TRIO Mutual Housing Associates LP, an entity created by Mutual Housing California. The upcoming project is made possible in part through utilizing low-income housing tax credits (LIHTCS), which require a new ownership entity to acquire the project from the current owner.

The three facilities are as follows:

- Moore Village, 2444 Moore Boulevard, consisting of 59 units
- Tremont Green, 5663 Marden Street, consisting of 36 units
- Twin Pines Apartments, 3333 F Street, consisting of 36 units

The planned renovations will improve the safety, aesthetics and sustainability of the properties for residents by addressing a variety of building issues not unusual for buildings of their age (approximately 20+ years) and creating a more sustainable property. This financing will preserve a total of 131 units of affordable housing in the City of Davis for the next 55 years.

In addition to consolidating the properties under Davis TRIO Mutual Housing Associates LP, the owners seek to streamline the debt on the property by subordinating the existing debt to the proposed new debt financed by LIHTCS and bond funding. Each of the three projects currently have the following loans from the City, for a total of 12 separate loans:

- HOME Loan
- CDBG Loan
- (Former) Redevelopment Agency Loan
- City Loan

The proposed project consolidates the 12 loans into four (4) by funding source so that the project has one CDBG, one HOME, one Agency and one City loan. Each of the consolidated loans will have a 55-year term and will incorporate the interest accrued from the original loans. The City will receive residual receipts (funds available once all hard costs and debt have been paid) on the loans. Residual receipts on affordable projects are not typical in the early years of a loan, so the City does not expect to see residual revenue in the near term. However, the loan consolidation and associated refinance will allow Davis TRIO to generate revenue to put back into the properties and ensure their long-term affordability.

The following City documents are affected by this restructure:

- HOME Loan - Loan Agreement (Principal of \$1,546,380 and Accrued Interest of \$1,061,910), Deed of Trust, Note, Regulatory Agreement
- CDBG Loan – Loan Agreement (Principal of (\$450,260 and Accrued Interest of (\$270,158), Deed of Trust, Note, Regulatory Agreement
- City Loan – Loan Agreement, (Principal of \$1,557,792 and Accrued Interest of \$864,191), Deed of Trust, Note
- Agency Loan – Loan Agreement, Deed of Trust, Note, Regulatory Agreement
- Seller Deed of Trust Twin Pines
- Seller Note Twin Pines (\$853,240)
- Assignment of Loan Documents (Tremont Green)
- Assignment of Loan Documents (Twin Pines)
- Assignment of Loan Documents (Moore Village)

Mutual has met with City staff and the City's legal counsel on the proposed financing and plan for rehabilitation. Based on these negotiations, staff recommends approving the attached resolution to restructure the loans. Approving Mutual Housing's refinancing and rehabilitation request is a sound investment for the City and for the long-term health of Moore Village, Tremont Green, and Twin Pines. The refinancing allows Mutual to secure \$15 million in state Low-Income Housing Tax Credit (LIHTC) funds to rehabilitate all three properties at no additional cost to the City. The City's loan terms essentially remain intact which protects the City's ability to recover its investment over time.

The approved 55-year affordability term also guarantees that these homes will remain available to lower-income Davis households for generations. Rehabilitating existing affordable housing is faster and far less costly than building new units, and it keeps current residents in safe, well-maintained homes. Together, these terms deliver renewed housing, lasting affordability, and significant state investment while safeguarding the City's financial position. Staff recommends approval as an overall public benefit and forward-looking use of City resources.

Attachments

1. Resolution of the Davis Redevelopment Successor Agency Approving the Assignment and Assumption Agreements for the Davis TRIO Affordable Housing Projects.
2. Resolution Approving the Assignment and Assumption Agreements for the Davis TRIO Affordable Housing Projects.

RDA RESOLUTION NO. XXXX

**RESOLUTION OF THE DAVIS REDEVELOPMENT SUCCESSOR AGENCY
APPROVING THE ASSIGNMENT AND ASSUMPTION AGREEMENTS FOR
THE DAVIS TRIO AFFORDABLE HOUSING PROJECTS**

WHEREAS, in 2012, the Redevelopment Agency of the City of Davis was dissolved and the Davis Redevelopment Successor Agency was established as successor entity to wind down the affairs of the former Redevelopment Agency and all authority, rights and powers have been transferred to the Successor Agency; and

WHEREAS, Mutual Housing California (Mutual) owns and operates three affordable housing rental complexes in Davis:

- Moore Village, 2444 Moore Boulevard, consisting of 59 units
- Tremont Green, 5663 Marden Street, consisting of 36 units
- Twin Pines Apartments, 3333 F Street, consisting of 36 units

WHEREAS, in order to preserve the affordability of the 131 units and to renovate and update the units, Mutual is combining the three properties, refinancing existing debt and securing low-income housing tax credits; and

WHEREAS, Mutual is transferring the ownership to a new partnership, Davis TRIO Mutual Housing Associates, LP; and

WHEREAS, the City has financing involved from the original development of Moore Village (4 loans), Tremont Green (4 loans) and Twin Pines (4 loans), and so must approve the assignment and assumption agreements and the restructuring of the existing loans.

NOW, THEREFORE, BE IT RESOLVED by the Davis Redevelopment Successor Agency that it does hereby approve the Assignment and Assumption Agreements for Moore Village, Tremont Green and Twin Pines to the new partnership of Davis TRIO Mutual Housing Associates, LP; and

BE IT FURTHER RESOLVED that the Board of the Davis Redevelopment Successor Agency allows the partnership to assume the existing loans, restructure them into loans by funding source and subordinate these loans to the new bond financing of Davis TRIO; and

BE IT FURTHER RESOLVED that the Board of the Davis Redevelopment Successor Agency authorizes the Executive Director and Agency Counsel to finalize and execute all documents necessary on the City side to complete the loan restructure and refinance the existing debt.

PASSED AND ADOPTED by the Board of the Davis Redevelopment Successor Agency on this 20th day of October, 2026, by the following vote:

AYES:

NOES:

Donna Neville
Chair

ATTEST:

Zoe S. Mirabile, CMC
Secretary

RESOLUTION NO. 26-XXX, SERIES 2026

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FOR THE DAVIS TRIO AFFORDABLE HOUSING PROJECTS**

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NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Davis does hereby approve the Assignment and Assumption Agreements for Moore Village, Tremont Green and Twin Pines to the new partnership of Davis TRIO Mutual Housing Associates, LP; and

BE IT FURTHER RESOLVED that the City Council allows the partnership to assume the existing loans, restructure them into loans by funding source and subordinate these loans to the new bond financing of Davis TRIO; and

BE IT FURTHER RESOLVED that the City Council authorizes the City Manager and City Attorney to finalize and execute all documents necessary on the City side to complete the loan restructure and refinance the existing debt.

PASSED AND ADOPTED by the City Council of the City of Davis on this 20th day of October, 2026, by the following vote:

AYES:

NOES:

Donna Neville
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk