

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

First Amendment to Resolution Number HII-334

September 29, 2022

PURPOSE OF THE REQUEST:

Heritage Group Homes, Inc., (Heritage) is requesting to amend the project description for its HELP II loan as set forth and adopted in Resolution Number HII-334.

BACKGROUND:

On July 28, 2022, the Authority approved a HELP II loan for Heritage in an amount not to exceed \$2,000,000 to purchase a residential facility in Los Angeles County or San Bernardino County that would be used for permanent supportive housing and to provide mental health services to foster youth. Heritage's initial intent was to purchase one multifamily apartment building with 8-12 units to serve a total of 16-24 clients.

Heritage is requesting to include the option to purchase one or more single-family homes through one or more loans and to expand the area of its search to include Orange County. The requested change will give Heritage greater flexibility to find suitable properties that meet the needs of its program. Due to the general scarcity of multifamily buildings, it has been difficult to find suitable properties. However, single-family houses are more readily available on the market and may better suit Heritage's goals. Through multiple purchases combined, Heritage would still provide services to the same total number of clients as originally envisioned. Each property will be required to be financed separately, and each loan will be required to satisfy the loan financing requirements set forth in the original HII-334 resolution. The cumulative amount of all loans will not exceed the previously approved \$2,000,000 amount.

RECOMMENDATION:

Staff recommends the Authority approve the First Amendment to Resolution Number HII-334 for Heritage Group Homes, Inc., to include the option to purchase one or more single-family homes and to include Orange County in the areas Heritage may seek to purchase the properties. All other conditions of Resolution Number HII-334 remain unchanged and in full effect. The amended resolution is attached with revisions shown.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

First Amendment to Resolution Number HII-334

**RESOLUTION APPROVING EXECUTION AND DELIVERY OF
HELP II LOAN PROGRAM AGREEMENTS WITH CERTAIN
PARTICIPATING HEALTH INSTITUTIONS**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to provide secured or unsecured loans to participating health institutions to refinance existing debt and finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of a health facility;

WHEREAS, the Authority established the HELP II Loan Program (the “Program”) to provide loans to participating health institutions as authorized by the Act;

WHEREAS, **Heritage Group Homes, Inc.** (the “Borrower”), a California participating health institution, has applied to the Authority for a loan through the Program, and the application has been reviewed by the staff of the Authority; and

WHEREAS, approval of the loan by the Authority is now sought;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. Pursuant to the Act, the Authority approves the loans to the Borrower, in a cumulative amount not to exceed **\$2,000,000** for individual terms not to exceed **20 years** for each property purchased for the purposes described in the application filed with the Authority (the “Projects”), but solely to the extent there are available proceeds of the Program, as determined pursuant and subject to Section 2 hereof. This approval is further contingent upon the following conditions:

1. 20-year, two percent (2%) fixed-rate for each loan;
2. First lien on ~~the~~ each real property purchased with HELP II funds;
3. A current appraisal for each property that exhibits a loan-to-value ratio not to exceed 95%
4. Corporate gross revenue pledge;
5. Executed purchase contract for each property; and
6. Verification of Borrower’s funds to close escrow.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to determine the final amount, terms and conditions of the loans, and to approve any changes in the Project described in the application submitted to the Authority, as said officer shall deem appropriate and authorized under the Act (provided that the amount of the loans may not be increased above the amount approved by the Authority and provided further that the loans continue to meet the Authority's guidelines for HELP II loans). Nothing in this resolution shall be construed to require the Authority to obtain any additional funding, even if more loans are approved than there is available funding. Any notice to the Borrower shall indicate that the Authority shall not be liable to the Borrower in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Program fund not to exceed those amounts approved by the Authority for the Borrower. The Executive Director and Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Borrower any and all documents necessary to complete the transfer of funds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director or the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

Section 5. This resolution is repealed six months from the date of approval [of Resolution Number HII-334](#).

Date of Approval: _____