# Revision to ASR and/or Attachments

**Date:** 09/08/2026

**To:** Clerk of the Board of Supervisors

**From:** Dylan Wright, Director, OC Community Resources

**Re:** Control #: 26001455, Meeting Date: 09/15/2026, Agenda Item No. #: 14

**Subject:** Approve Loan and Project-Based Vouchers for Mercury Senior Apartments

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**Explanation:**

The ASR Recommended Actions and Background Information have been revised pursuant to County Counsel's advice and relevant project details updated.

**Revised Recommended Action(s):**

Revisions have been made to Recommended Actions 2 and 6 as follows:

Acting as the Board of Supervisors and as the Board of Commissioners to the Orange County Housing Authority, acting in its capacity as Housing Successor Agency:

2. Approve a loan commitment to Mercury Brea LP, a limited partnership, in an amount not to exceed $1,375,000, subject to contingencies outlined in this Agenda Staff Report, and provide direction to staff by approving one of the following options:

    a. Waive the Regional Housing Needs Allocation policy under the 2026 Supportive Housing Notice of Funding Availability requiring Regional Housing Needs Allocation transfer or credit and direct staff to request Regional Housing Needs Allocation sharing as mutually agreed to by the City of Brea;

    b. Require Regional Housing Needs Allocation transfer only for units subsidized with County's Housing Successor Agency funds in the proposed development on a pro-rata basis of County funds to City funds invested in the total number of County assisted units, subject to an executed Memorandum of Agreement; or

    c. Direct staff to apply the current Regional Housing Needs Allocation policy under the 2026 Supportive Housing Notice of Funding Availability, as approved

Acting as the Board of Commissioners to the Orange County Housing Authority:

6. Authorize the Executive Director of the Orange County Housing Authority or designee to execute agreements related to the commitment of the U.S. Department of Housing and Urban Development Project-Based Vouchers for Mercury Senior Apartments, provided the commitment incorporates business and financial terms, is subject to the contingencies in this Agenda Staff Report and Recommended Actions, and is approved as to form by County Counsel.

**Revised Background Information:**

The following revisions have been made to the Permanent Sources of Funds table of the Background Information:

| **Permanent Sources of Funds** | **Funding Amount** |
|---|---:|
| Conventional Loan (Tax-Exempt) | $17,732,630 |
| County of Orange (HSA funds) | $1,375,000 |
| City– Development Loan | $2,331,800 |
| City– Impact Fee Loan | $659,311 |
| Deferred Developer Fee | ~~$3,957,695~~$1,802,669 |
| General Partner Equity | ~~$100~~$2,155,126 |
| Tax Credit Equity | $17,775,157 |
| **Total Sources of Funds** | **$43,831,693** |

The following revisions have been made to the paragraphs under the Regional Housing Needs Allocation (RHNA) Credit heading of the Background Information:

**Regional Housing Needs Allocation (RHNA) Credit**
Per Section 2.08 of the 2026 NOFA, for developments funded with County local funding or revenue (such as General Fund, Housing Successor Agency, or 15G Reserves funds), the County requires acceptance of a RHNA credit transfer from the County's allocation to the city's allocation or credits toward the County's existing RHNA obligation, calculated on a pro-rata basis of County funds to City funds invested in the total number of County assisted units. This transfer must be approved by the city in which the development is located. For this Development, the County ~~will~~ would require RHNA share for nine County assisted units, pursuant to the 2026 NOFA policies. ~~The Developer is working with the City on a Memorandum of Agreement (MOA) to share credit between the City and the County.~~

Following receipt of multiple letters from the City objecting to the Board's RHNA credit and/or transfer policy, staff revised the recommended action to provide three options for the Board to consider.

Commitment of the County loan and commitment of the eight PBVs are contingent upon the following:

1. Completion and approval of California Environmental Quality Act (CEQA), as applicable, and satisfactory completion of an Environmental Review under the National Environmental Policy Act (NEPA) with receipt of an approval of the request for release of funds and certification from HUD under 24 CFR Part 58
2. ~~Approval by the City's governing body and execution of the MOA for RHNA share of the nine County-assisted units in accordance with Section 2.08 of the 2026 NOFA.~~ Satisfaction of applicable RHNA requirements in accordance with Board approved option under Recommended Action 2, a through c.

The following revisions have been made to the Compliance with NEPA paragraph of the Background Information:

> **Compliance with NEPA:** In accordance with 24 Code of Federal Regulations Part 58 (Attachment B), an Environmental Assessment of the project is being compiled and ~~will be submitted to HUD for approval upon completion~~ was completed and an Authority to Use Grant Funds was issued by HUD on July 31, 2026, for the PBVs.