



October 16, 2023

**City of Visalia  
Majestic Gardens  
Supplemental Housing Successor Agency Funds Request**

Majestic Gardens is a proposed permanent supportive housing development located at 4545 W. Noble Avenue in Visalia, CA. The existing 42-unit motel will be rehabilitated and converted into 1 manager's unit and 41 units of permanent supportive housing. All units will be targeted to chronically homeless individuals that are living with disabilities such as mental illness, substance use issues, physical disabilities, HIV/AIDS, and other chronic health conditions. The project will feature designated office and community space so that supportive services can be provided onsite. Majestic Gardens has been brought forth in partnership between the City of Visalia, RHC Development LP, and UP Holdings LLC to address the housing needs of homeless individuals.

The total development cost for Majestic Gardens is **\$17,298,880**. Currently, the project has been awarded a **\$12,295,379** Homekey 3.0 grant for capital expenditure from the Department of Housing and Community Development (HCD). The project has also been awarded **\$1,800,000** in HOME ARP funds and **\$900,000** in Housing Successor funds by the City of Visalia, along with **\$502,000** in Housing and Homelessness Incentive Program (HHIP) funds from Anthem Blue Cross, **\$520,000** in HHIP funds from Health Net and **\$207,691** in Homeless Housing and Prevention Program (HHAP) funds from the Kings/Tulare Homeless Alliance.

<b>Funding Source</b>	<b>Amount</b>
HCD - Homekey 3.0	\$ 12,295,379
City of Visalia - HOME ARP	\$ 1,800,000
City of Visalia - Housing Successor	\$ 900,000
Health Net and Blue Anthem -HHIP	\$ 1,022,000
Kings/Tulare Homeless Alliance - HHAP	\$ 207,691
<b>Total Secured Funds:</b>	<b>\$ 16,225,070</b>
<b>Total Development Cost:</b>	<b>\$ 17,298,880</b>
<b>Funding Gap:</b>	<b>\$ (1,073,810)</b>

Currently, this project faces a \$1,073,810 funding gap. As such, we write to you to request an additional \$425,000 in funds for this project. The main driver behind this request is the unforeseen escalation of construction costs, which have reached a historical high in the past year. As such, our team continues to value engineer the design of this project to reduce construction costs and ultimately, the total development cost to bridge this gap. However, our efforts to value engineer this building are limited without jeopardizing its ability to align with city codes and our sustainability targets. As such, we seek the City's support in bridging this gap. We fully recognize the need for fiscal responsibility and are committed to managing costs efficiently. We greatly appreciate the City of Visalia's continued support and partnership throughout the planning and development of this project.

Thank you for your consideration,

Wayne Rutledge  
RHC Development LP