

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS DATE 10/23/14

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



131
SUBMITTAL DATE:
October 23, 2014

FROM: Economic Development Agency

SUBJECT: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm that the environmental effects of the Loan Agreement for the use of the Home Funds for the Home Front at Camp Anza Apartments (Project) will not have a significant effect on the environment. Any potential significant effects of the Project have been adequately analyzed and addressed in the City of Riverside's Initial Study/Mitigated Negative Declaration (MND) and the Mitigation Monitoring and Reporting Program (MMRP) that was considered by the County of Riverside Board of Supervisors, acting as a Responsible Agency, on May 20, 2014 pursuant to the California Environmental Quality Act (CEQA). No substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental documentation;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 500,000	\$ 0	\$ 500,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: HOME Investment Partnerships Act Funds
100%

Budget Adjustment: No
For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

A-30 ☐ Positions Added ☐ Change Order ☐
4/5 Vote ☐

Prev. Agn. Ref.: 3-13 of 6/17/2014

District: 1/1

Agenda Number:

3-11

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

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RECOMMENDED MOTION: (Continued)

2. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on May 20, 2014 for the Project concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58;
3. Approve the attached Loan Agreement for the Use of HOME Funds (Loan Agreement), including all attachments thereto, between the County of Riverside and Camp Anza, L.P., a California limited partnership, providing a loan derived from the HOME Investment Partnerships Program in an amount up to \$500,000 (HOME Loan), to be used for for the development of a multi-family affordable rental housing project in the City of Riverside;
4. Approve the attached HOME Loan Deed of Trust, HOME Loan Promissory Note and Covenant Agreement;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of U.S. Bank National Association securing a construction loan for the project in an amount up to \$8,000,000, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the Housing Authority of the City of Riverside securing a loan for the project in an amount up to \$2,266,260, subject to approval by County Counsel;
8. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the City of Riverside securing a loan for the project in an amount up to \$632,732, subject to approval by County Counsel;
9. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, HOME Loan Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
10. Direct the Clerk of the Board to file a Notice of Determination with the County Clerk within five (5) days of the approval of the loan agreement.

BACKGROUND:

Summary

(Commences on Page 3)

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Economic Development Agency

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BACKGROUND:

Summary

On June 17, 2014, the Board of Supervisors approved Resolution No. 2014-104 (i) committing up to \$500,000 in funds (HOME Loan) derived from the federal HOME Investment Partnerships Program (HOME Program) subject to the satisfaction of certain conditions contained therein, and (ii) supporting the submission of a low income housing tax credit application by Camp Anza, L.P., a California limited partnership, (Camp Anza) to the California Tax Credit Allocation Committee (CTCAC) for the Home Front at Camp Anza development, a 30-unit multi-family affordable rental housing complex located in the City of Riverside (Project). The Project was awarded tax credits by CTCAC and staff recommends that the Board approve the attached proposed Loan Agreement for Use of HOME Funds (HOME Loan Agreement) between the County of Riverside (County) and Camp Anza to formalize the County's funding contribution of the HOME Loan to the Project since all of the conditions to funding set forth in Resolution No. 2014-104 have been satisfied.

The proposed Project is located north on Philbin Avenue, between Picker and Wholstetter Streets, at 5797 Picker Street in the City of Riverside, Assessor Parcel Number 151-123-015. The proposed Project will consist of 15 two-bedroom units, and 15 three-bedroom units. The two-bedroom units are approximately 776 square-feet and the three-bedroom units range in size from 1,054 to 1,151 square-feet. One two-bedroom unit will be set aside for a resident manager. The apartment units will be rented to and occupied by qualified low- income and very low-income households (no greater than 50% AMI), with a preference for veterans and their families. The proposed HOME Loan Agreement restricts the affordability of 5 units within the Project for a period of no less than 55 years. The proposed Covenant Agreement, attached hereto, shall memorialize the aforementioned affordability restrictions and shall run with the land. The remaining units within the proposed Project shall be subject to affordability rent and occupancy restrictions pursuant to regulatory agreements required by CTCAC and the other lenders to the Project, guarantying the continued affordability of each unit within the proposed Project. The proposed Project will provide the veteran(s) and their families with a variety of supportive services designed to ease the transition back into civilian life.

All the conditions precedent to funding the HOME Loan by the County set forth in Resolution No. 2014-014 have been satisfied and staff is recommending approval of the \$500,000 HOME Loan to Camp Anza. The estimated total cost for the proposed Project is \$14,408,191. In addition to the HOME Loan, additional sources of funding will include a \$2,266,260 loan from the Housing Authority of the City of Riverside (City Housing Authority), a \$632,732 HOME loan from the City of Riverside, \$233,079 in waived development impact fees from the City of Riverside, a land and building donation by the Housing Authority of the City of Riverside with an appraised value of \$1,100,000, and \$9,676,120 in limited partner tax credit equity contributions.

The City Housing Authority, City of Riverside, and the construction lender, U.S. Bank National Association (collectively, Senior Lenders) each require, as a condition precedent to the funding of their respective loans, that the County HOME Loan is subordinated to their respective liens. Subordination of the County HOME Loan is necessary since an economically feasible alternative method of financing the project on comparable terms is not available without subordination. As a result of such subordinations, the County's HOME Loan will be in a fourth priority lien position junior to the loans from the Senior Lenders. All subordination agreements shall be approved as to form by County Counsel.

As the appropriate Responsible Agency, the Riverside County Board of Supervisors considered the Lead Agency's Mitigated Negative Declaration (MND) associated with Environmental Assessment for the Home Front Camp Anza project on May 20, 2014 (EA) and adopted CEQA Findings and the Mitigation Monitoring and Reporting Program (MMRP).

(Continued)

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BACKGROUND:

Summary (Continued)

The County, as a Responsible Agency for purposes of CEQA, is now considering the proposed HOME Loan Agreement that was also analyzed in the previously certified MND and EA. The County has considered the MND and associated environmental assessment which analyzed the Project. No new information has become known since the adoption of the MND and the proposed HOME Loan Agreement falls within the scope of the analysis. Further, no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred. Therefore, no new environmental documentation is required for the proposed HOME Loan Agreement. In addition, on May 20, 2014, the Board of Supervisors adopted a Finding of No Significant Impact (FONSI) for the Project and concluded that the Project is not an action which may affect the quality of the environment. The County has considered the FONSI which analyzed the Project. No new information has become known since the adoption of the FONSI and the proposed HOME Loan Agreement and no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred. Therefore, no new environmental documentation is required for the proposed HOME Loan Agreement pursuant to NEPA.

The Project activity was included in the 2013/2014 One-Year Action Plan on June 17, 2014.

County Counsel has reviewed and approved the attached Loan Agreement for Use of HOME Funds, Deed of Trust, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board of Supervisors approve the Loan Agreement, Promissory Note, Deed of Trust and Covenant Agreement.

Impact on Citizens and Businesses

(Commences on Page 4)

Impact on Citizens and Businesses

Approving this item will have a positive impact on the citizens and businesses of the County. The proposed Project is expected to generate construction, permanent maintenance and property management jobs, and provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with HOME Investment Partnerships Act funds from the U.S. Department of Housing and Urban Development.

Attachments:

A-Loan Agreement for Use of HOME funds

B-Deed of Trust

C-Promissory Note

D-Covenant Agreement

E-Resolution No. 2014-104