

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

726



FORM APPROVED COUNTY COUNSEL
DATE 2/3/16
BY GREGORY P. PRIAMOS

FROM: Economic Development Agency

SUBMITTAL DATE:
February 18, 2016

SUBJECT: Adoption of Resolution No. 2016-057 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$650,000], HOME Investment Partnerships Act Funds 100%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2016-057 allocating funding up to the amount of \$650,000 in HOME Investment Partnership Act Funds to Vista Montana Phase II, LP, and supporting the application from Vista Montana Phase II, LP, for Low-Income Housing Tax Credit funds for the Vista Montana Phase II Apartments project located in the City of Coachella.

BACKGROUND:

Summary

(Commences on Page 2)

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	\$ 650,000	\$ 0	\$ 650,000	\$ 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% (Federal Fund)

Budget Adjustment: No
For Fiscal Year: 2015/16-2016/17

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 3-12 of 2/25/14; 3-10 of 2/11/14; 3-14 of 1/7/14

District: 4

Agenda Number:

3-13

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2016-057 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$650,000], HOME Investment Partnerships Act Funds 100%

DATE: February 18, 2016

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BACKGROUND:

Summary

Chelsea Investment Corporation, a California corporation (Developer) has formed a limited liability partnership known as Vista Montana Phase II, LP (Partnership), for the purpose of applying for low income housing tax credits to the California Tax Credit Application Committee (TCAC) for the development of the proposed project discussed below. The Vista Montana Apartments (Phase II) Project (Proposed Project) is an 80 unit multi-family apartment complex, specifically for farmworkers, comprised of 16 one-bedroom units, 40 two-bedroom units, and 24 three-bedroom units. The Proposed Project will be located on an approximately 4.69 acre portion of an approximately 8.86 acre lot located on the southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, also known as Assessor's Parcel Number 768-230-003 (Project Site). The Proposed Project will be rented to and occupied by farmworker families with incomes that do not exceed 60% of the Riverside County Area Median Income. The low-income housing tax credits will be used by the Partnership to finance a majority of the costs to develop and construct the Proposed Project.

The Proposed Project is phase II of a recently completed project and will result in the development of the remaining 80 units in a 136-unit development. Phase I consisted of 56 units which did not receive financial assistance from the County, and 100% of the units are already leased up. For tax credit purposes Phase I and the Proposed Project will be owned by separate limited partnerships that share the same general partner, Chelsea Investment Corporation. Both Phase I and the Proposed Project will have common property management and share use of all site amenities. The owners of Phase I and the Proposed Project will enter into a joint use agreement to allow tenants to enjoy all site common areas and amenities, including a community room, two shaded tot lots, BBQ picnic stations, basketball court, passive and active recreation areas and a swimming pool.

The Proposed Project has a funding gap of \$650,000 and the Partnership has submitted an application to the County requesting financial assistance in the form HOME Investment Partnership Act (HOME) funds to fill such gap. The Partnership is proposing to use \$650,000 in HOME funds to pay a portion of the development and construction costs of the Proposed Project which will result in the set aside of a minimum of 11 HOME-assisted units which will be income and use restricted. Staff has reviewed the application and supports the Proposed Project and request for HOME funds. The need to expand the affordable housing stock for low income and special needs households is a high priority in the County of Riverside's Consolidated Plan.

In order to complete the tax credit application process, the Partnership must provide TCAC with a resolution from the local jurisdiction providing support for the Proposed Project and an allocation of the HOME financing. The attached proposed Resolution No. 2016-057 provides Board support for the Proposed Project and allocates \$650,000 in HOME funds (HOME Loan) to pay development and construction costs for the Proposed Project. The HOME Loan will be subject to any restriction on the use of the HOME funds set forth in the HOME Regulations (24 CFR Part 92). Staff recommends that the funding allocation is only valid until January 30, 2017.

(Continued)

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2016-057 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$650,000], HOME Investment Partnerships Act Funds 100%

DATE: February 18, 2016

PAGE: 3 of 3

BACKGROUND:

Summary

(Continued)

The attached proposed Resolution 2016-057 allocates \$650,000 in HOME funds to the Partnership for the Proposed Project, subject to the Partnership's satisfaction of the conditions specifically set forth in the attached Resolution 2016-057, which include, but are not limited to the following:

1. Secure any and all land use entitlements, permits and approvals which may be required for development and construction of the Proposed Project, including compliance with the California Environmental Quality Act and the National Environmental Policy Act;
2. Obtain sufficient equity capital or firm and binding commitments for construction and permanent financing necessary to undertake the development and completion of the Proposed Project;
3. Approval of release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58; and
4. Successful negotiation of a HOME Agreement approved by the Board and executed by all required parties.

The estimated total cost for the Proposed Project is \$21,391,538. In addition to the HOME Loan, additional sources of funds will include a \$3,000,000 514 Loan from the United States Department Agriculture, \$402,752 in the deferred developer's fee, a \$2,776,800 loan from the City of Coachella, and the balance of \$14,561,986 will come from tax credit equity financing.

Staff recommends that the Board approve Resolution No. 2016-057. County Counsel has reviewed and approved as to form the attached Resolution No. 2016-057.

Impact of Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses of the Eastern Coachella Valley. 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 Proposed Project will be fully funded with HOME Investment Partnerships Act funds from the U.S. Department of Housing and Urban Development.

Attachment:

- A. Resolution No. 2016-057

**RESOLUTION 2016-057
FUNDING ALLOCATION
AND SUPPORT FOR APPLICATION FOR
LOW-INCOME HOUSING TAX CREDITS FOR
VISTA MONTANA PHASE II APARTMENTS**

WHEREAS, the County of Riverside, a political subdivision of the State of California ("County"), is the recipient of funds derived from the HOME Investment Partnership Act ("HOME") Program, which was enacted under Title II of the Cranston Gonzalez National Affordable Housing Act of 1990;

WHEREAS, the County has identified the expansion of affordable rental housing stock for low-income households as a high housing priority through the County's Five Year Consolidated Plan and its One-Year Action Plan for the Use of Federal Funds;

WHEREAS, Chelsea Investment Corporation, a California corporation ("Developer") is proposing to develop and construct a multi-family affordable rental housing project consisting of eighty (80) rental housing units comprised of seventy-nine (79) affordable housing rental units and one (1) additional manager's unit ("Project"), on real property located on an approximately 4.69 acre portion of an approximately 8.86 acre lot situated on the southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, identified as Assessor's Parcel Number 768-230-003 ("Property");

WHEREAS, the Project will be rented to and occupied by individuals and families with incomes no more than 60% of the Riverside County Area Median Income;

WHEREAS, Developer has formed a limited liability partnership known as Vista Montana Phase II, LP, a California limited partnership ("Partnership"), for the purpose of applying for Project funding including, but not limited to tax credits;

WHEREAS, the Partnership has submitted an application to the County requesting financial assistance in the amount of \$650,000 in HOME funds to fill an existing \$650,000 Project financing gap;

RESOLUTION NUMBER 2016-057

Vista Montana Phase II Apartments – Chelsea Investment Corporation

1 **WHEREAS**, the California Tax Credit Allocation Committee (“TCAC”), through its
2 application process, allocates low-income housing tax credits to eligible affordable housing
3 projects to raise project equity through the sale of tax benefits to investors;

4 **WHEREAS**, the Partnership intends to submit an application to TCAC for an allocation
5 of low-income housing tax credits and the proceeds from the sale of such tax credits will be
6 used to finance Project costs;

7 **WHEREAS**, the application deadline to be considered for a 2016 allocation of tax credits
8 through TCAC is March 01, 2016;

9 **WHEREAS**, to complete the TCAC application process, the Partnership must provide a
10 resolution from the local jurisdictions, including the County, supporting the Project; and

11 **WHEREAS**, the Developer has successfully completed several affordable housing
12 complexes in California;

13 **WHEREAS**, the County desires to allocate approximately \$650,000 in HOME funds to
14 be used to pay for the development and construction of the Project on the Property, subject to
15 the Partnership’s satisfaction of certain conditions for the benefit of the County; and

16 **WHEREAS**, the County desires to support the Partnership’s application to TCAC for an
17 allocation of low-income housing tax credits.

18 **BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of Supervisors for the
19 County of Riverside, State of California, in regular session assembled on March 1, 2016, as
20 follows:

- 21 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
22 and correct and incorporated as though set forth herein.
- 23 2) The Board of Supervisors supports the Partnership’s application to TCAC for an
24 allocation of low-income housing tax credits, the sale proceeds of which will be used to
25 finance the development and construction of a multi-family affordable rental housing
26 project consisting of eighty (80) rental housing units comprised of seventy nine (79)
27 affordable rental units and one (1) additional manager’s unit, on real property located
28 on an approximately 4.69 acre portion of an approximately 8.86 acre lot situated on the

RESOLUTION NUMBER 2016-057

Vista Montana Phase II Apartments – Chelsea Investment Corporation

1 southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, also
2 known as Assessor's Parcel Number 768-230-003.

3 3) Subject to any restriction on the use of HOME funds contained in the HOME Regulations
4 (24 CFR Part 92), the Board of Supervisors agrees to provide financial assistance to the
5 Partnership in the maximum amount of \$650,000 in HOME funds ("HOME Loan") for
6 construction of eligible activities on the Project, subject to the satisfaction of the
7 following conditions precedent:

- 8 a. Borrower: Vista Montana Phase II, LP;
- 9 b. Project Name: Vista Montana Phase II Apartments;
- 10 c. HOME Loan Amount: Not to exceed Six Hundred and Fifty Thousand Dollars
11 (\$650,000);
- 12 d. Interest: Three percent (3%) simple interest;
- 13 e. Affordability Period: Fifty five (55) years from recordation of the Notice of
14 Completion in the Official Records of the County of Riverside;
- 15 f. HOME Loan Term: Fifty five (55) years;
- 16 g. Repayment: Loan payments derived from the Project's residual receipts;
- 17 h. Entitlements and Governmental Approvals: Secure any and all required land use
18 entitlements, permits and approvals which may be required for construction of
19 the Project, including, but not limited to compliance with the California
20 Environmental Quality Act and the National Environmental Policy Act;
- 21 i. Other Financing: the HOME Loan is expressly conditioned upon the
22 Partnership's ability to secure sufficient equity capital or firm and binding
23 commitments for financing necessary to undertake the development and
24 construction of the Project. All financing contemplated or projected with respect
25 to the Project shall be, or have been, approved in form and substance by the
26 Board of Supervisors. Additional financing for the Project includes: a \$3,000,000
27 514 Loan from the United States Department of Agriculture, \$402,752 in deferred
28 developer's fee, \$2,776,800 loan from the City of Coachella, and the balance of

RESOLUTION NUMBER 2016-057

Vista Montana Phase II Apartments – Chelsea Investment Corporation

