

6915



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

FROM: Economic Development Agency

SUBMITTAL DATE:
May 5, 2016

SUBJECT: Adoption of Resolution No. 2016-110 Funding Allocation and Support for Low-Income Housing Tax Credit Application for Madera Vista Apartments Phase 3 in the City of Temecula, District 3, [\$1,650,000], Neighborhood Stabilization Program 1 Funds

RECOMMENDED MOTION: That the Board of Supervisors adopt Resolution No. 2016-110 allocating funding up to the amount of \$1,650,000 in Neighborhood Stabilization Program 1 (NSP1) Funds to Summerhouse Housing 3, L.P., and supporting the application from Summerhouse Housing 3, L.P. for Low-Income Housing Tax Credit funds for the Madera Vista Apartments Phase 3 project located in the City of Temecula.

BACKGROUND: (Commences on Page 2)
Summary

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	\$ 1,650,000	\$ 0	\$ 1,650,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Neighborhood Stabilization Program 1 Funds	Budget Adjustment: No
	For Fiscal Year: 2015/16

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS
DATE: 5/2/16

Departmental Concurrence

FISCAL PROCEDURES APPROVED
PAUL LANGLO, CPA, AUDITOR-CONTROLLER
BY: Esteban Hernandez
5/4/16

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

Prev. Agn. Ref.:

District: 3

Agenda Number:

3-15

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2016-110 Funding Allocation and Support for Low-Income Housing Tax Credit Application for Madera Vista Apartments Phase 3 in the City of Temecula, District 3, [\$1,650,000], Neighborhood Stabilization Program 1 Funds

DATE: May 5, 2016

PAGE: 2 of 3

BACKGROUND:

Summary

BRIDGE Housing Corporation – Southern California (Developer), a California nonprofit public benefit corporation and an affordable housing developer, has formed a limited liability partnership known as Summerhouse Housing 3, L.P. (Partnership), for the purpose of applying for tax credits to the California Debt Limit Allocation Committee (CDLAC) for the development of the proposed project discussed herein. The Madera Vista Apartments Phase 3 (Proposed Project) will be located at 44155 Margarita Road, Temecula, California with Assessor's Parcel Number 959-080-033 (Project Site). The Proposed Project is Phase 3 of a 110-unit development; Phase 1 consisted of 20 units completed in January 2011 and Phase 2 consisted of 60 units completed in June 2014, both of which did not receive financial assistance from the County and are currently in operation. The total size of the Property Site is approximately 6.8 acres; the Proposed Project will utilize approximately 1.18 of the 6.8 acres. The Proposed Project will be comprised of 3 one-bedroom units, 14 two-bedroom units, and 13 three-bedroom units. A total of 8 units will be restricted to households with incomes that do not exceed 50% of the Riverside County Area Median Income for a period of 55 years. Phases 1 and 2 and the Proposed Project will be owned by separate limited partnerships that share the same general partner, BRIDGE SC, LLC, a California limited liability partner, whose single member is Developer. This structure was established for tax credit purposes. Phase 1, 2 and the Proposed Project will have common property management and share use of all site amenities including community buildings, laundry facilities and swimming pool. The owners of Phases 1 and 2 and the Proposed Project will enter into a joint use agreement to allow tenants to enjoy all site common areas and amenities. 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 has a funding gap of \$1,650,000 and the Partnership has submitted an application to the County requesting financial assistance in the form of Neighborhood Stabilization Program 1 (NSP1) funds to fill such gap. The need to expand the affordable housing stock for low income households is a high priority in the County of Riverside's Consolidated Plan. In order to complete the CDLAC application for an allocation of tax credits, the Partnership must provide a resolution from the local jurisdiction providing support for the Proposed Project. The attached proposed Resolution No. 2016-110 provides Board support for the Proposed Project and recommends an allocation of \$1,650,000 in NSP3 funds (NSP3 Loan) for the development and construction of the Proposed Project subject to the satisfaction of certain conditions. The NSP1 Loan will be subject to restrictions on the use of the NSP1 funds set forth under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA). Staff recommends that the allocation of funding only be valid until December 1, 2016 unless the conditions set forth in the proposed Resolution 2016-110 are satisfied.

The attached proposed Resolution 2016-110 allocates \$1,650,000 in NSP1 funds for the Proposed Project, subject to the Partnership's satisfaction of the conditions specifically set forth in the attached Resolution 2016-110, 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 NSP1 Agreement approved by the Board and executed by all required parties.

(Continued)

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2016-110 Funding Allocation and Support for Low-Income Housing Tax Credit Application for Madera Vista Apartments Phase 3 in the City of Temecula, District 3, [\$1,650,000], Neighborhood Stabilization Program 1 Funds

DATE: May 5, 2016

PAGE: 3 of 3

BACKGROUND:

Summary (Continued)

The Partnership was awarded 7 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBVs) through a competitive Request for Proposals released by the Housing Authority of the County of Riverside on August 26, 2015.

The total project budget is \$9,541,473. In addition to the proposed NSP funds in the amount of \$1,650,000, funding sources include a loan from the City of Temecula for \$721,345, a Citibank loan in the amount of \$2,601,033, a General Partner Equity/Deferred Developer Fee in the amount of \$790,000 and a 4% Tax Credit Investor Equity Contribution in the amount of \$3,779,095. The use of NSP funds and PBVs requires federal Davis Bacon prevailing wages to be paid to the majority of workers, laborers, and mechanics for the project.

Staff recommends that the Board approve Resolution No. 2016-110. County Counsel has reviewed and approved as to form the attached Resolution No. 2016-110.

Impact of Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses in the County of Riverside. 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 Neighborhood Stabilization Program 1 funds from the U.S. Department of Housing and Urban Development.

Attachment:

- A. Resolution No. 2016-110

**RESOLUTION 2016-110
FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR
LOW-INCOME HOUSING TAX CREDITS FOR
MADERA VISTA APARTMENTS PHASE 3**

WHEREAS, the County of Riverside, a political subdivision of the State of California (“County”), is the recipient of funds derived from the Neighborhood Stabilization Program 1 (NSP1) Program, which was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (“HERA”);

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, BRIDGE Housing Corporation – Southern California, a California nonprofit public benefit corporation and an affordable housing developer (“Developer”), proposes to develop and construct a multi-family affordable rental housing project consisting of thirty (30) rental units including one (1) residential manager’s unit (“Project”) on real property located on approximately 1.18 acres of vacant land located at 44155 Margarita Road, Temecula, California also identified as APN 959-080-033 (“Property”);

WHEREAS, the Project will be rented to and occupied by individuals and families whose incomes do not exceed 80% of the Riverside County Area Median Income. A total of 8 units will be reserved as NSP1-assisted units restricted to households whose incomes do not exceed 50% of the Riverside County Area Median Income;

WHEREAS, Developer has formed a limited liability partnership known as Summerhouse Housing 3, L.P. (“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 \$1,650,000 in NSP1 funds to fill an existing \$1,650,000 Project financing gap;

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”), through its

1 application process, allocates low-income housing tax credits to eligible affordable housing
2 projects to raise project equity through the sale of tax benefits to investors;

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

6 **WHEREAS**, the application deadline to be considered for a 2016 allocation of tax credits
7 through CDLAC is May 20, 2016;

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

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

12 **WHEREAS**, the County desires to commit approximately \$1,650,000 in NSP1 funds to
13 be used to pay for the development and construction of the Project on the Property, subject to
14 the Partnership's satisfaction of certain conditions precedent for the benefit of the County; and

15 **WHEREAS**, the County desires to support the Partnership's application to CDLAC for an
16 allocation of low-income housing tax credits.

17 **BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of Supervisors for the
18 County of Riverside, State of California, in regular session assembled on May 17, 2016, as
19 follows:

- 20 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
21 and correct and incorporated as though set forth herein.
- 22 2) The Board of Supervisors supports the Partnership's application to CDLAC for an
23 allocation of low-income housing tax credits, the sale proceeds of which will be used to
24 finance the development and construction of a multi-family affordable rental housing
25 project consisting of twenty-nine (29) affordable rental units and one (1) on site
26 residential manager's unit, on real property located on approximately 1.18 acres of
27 vacant land located at 44155 Margarita Road, Temecula, California also identified as
28 APN 959-080-033.

1 3) Subject to any restriction on the use of NSP1 funds set forth under Title III of Division B
2 of the Housing and Economic Recovery Act of 2008 (“HERA”), the Board of Supervisors
3 agrees to provide financial assistance to the Partnership in the maximum amount of
4 \$1,650,000 in NSP1 funds (NSP1 Loan) for construction of eligible activities on the
5 Project, subject to the satisfaction of the following conditions precedent:

- 6 a. Borrower: Summerhouse Housing 3, L.P.;
- 7 b. Project Name: Madera Vista Apartments Phase 3;
- 8 c. NSP1 Loan Amount: Not to exceed One Million Dollars (\$1,650,000);
- 9 d. Interest: Three percent (3%) simple interest;
- 10 e. Affordability Period: 55 years from recordation of the Notice of Completion in the
11 official records of the County of Riverside;
- 12 f. NSP1 Loan Term: 55 years;
- 13 g. Repayment: Loan payments derived from the Project’s residual receipts;
- 14 h. Entitlements and Governmental Approvals: Secure any and all required land use
15 entitlements, permits and approvals which may be required for construction of
16 the Project, including, but not limited to compliance with the California
17 Environmental Quality Act and the National Environmental Policy Act;
- 18 i. Other Financing: the NSP1 Loan is expressly conditioned upon the Partnership’s
19 ability to secure sufficient equity capital or firm and binding commitments for
20 financing necessary to undertake the development and construction of the
21 Project. All financing contemplated or projected with respect to the Project shall
22 be, or have been, approved in form and substance by the Board of Supervisors.
23 Additional financing for the Project is expected to include: \$721,345 from the City
24 of Temecula, \$2,601,033 from Citibank, \$790,000 in General Partner
25 Equity/Deferred Developer Fee and a 4% Tax Credit Investor Equity Contribution
26 in the amount of \$3,779,095. Total development cost for the Project is
27 approximately \$9,541,473;
- 28 j. Monitoring Fee: Payment of annual Compliance Monitoring Fee to the County in

