

**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

832



FROM: Housing Authority

SUBMITTAL DATE:
May 25, 2016

SUBJECT: Adoption of Resolution No.2016-006 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Paseo III Housing Associates, L.P., in the Unincorporated Community of Mecca, District 4, [\$902,500], 94% 2011 Taxable Tax Allocation Housing Bonds, Series A-T and 6% 2011 Tax Exempt Housing Bonds, Series A

RECOMMENDED MOTION: That the Board of Commissioners:

1. Adopt Resolution No. 2016-006 allocating funding up to the amount of \$850,000 in 2011 Taxable Tax Allocation Housing Bonds, Series A-T to Paseo III Housing Associates, L.P., and supporting the application from Paseo III Housing Associates, L.P., to the California Tax Credit Allocation Committee for Low-Income Housing Tax Credit funds for the Paseo de Los Heroes III multi-family housing project located in the unincorporated Community of Mecca; and

(Continued)


Robert Field
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 902,500	\$ 0	\$ 902,500	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: 94% 2011 Taxable Tax Allocation Housing Bonds, Series A-T and 6% 2011 Tax Exempt Housing Bonds, Series A				Budget Adjustment: No	
				For Fiscal Year: 2016/17	

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

FORM APPROVED COUNTY COUNSEL
DATE 5/18/16
BY: GREGORY P. PRIAMOS

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
DATE 5/24/16
BY: Esteban Hernandez

Departmental Concurrence

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

Prev. Agn. Ref.: _____ District: 4 _____ Agenda Number: _____

10-2

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

Housing Authority

FORM 11: Adoption of Resolution No.2016-006 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Paseo III Housing Associates, L.P., in the Unincorporated Community of Mecca, District 4, [\$902,500], 94% 2011 Taxable Tax Allocation Housing Bonds, Series A-T and 6% 2011 Tax Exempt Housing Bonds, Series A

DATE: May 25, 2016

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RECOMMENDED MOTION:

2. Approve an allocation of up to \$52,500 in 2011 Tax Exempt Tax Allocation Housing Bonds, Series A to be used as follows, (i) \$42,500 to pay costs for direct Housing Authority staffing associated with the Paseo de Los Heroes III multi-family housing project, and (ii) \$10,000 to pay legal expenses of the Housing Authority related to the Paseo de Los Heroes III multi-family housing project.

BACKGROUND:

Summary

On February 1, 2012, pursuant to ABx1 26, all California Redevelopment Agencies were eliminated and the Housing Authority of the County of Riverside (HACR) assumed the housing functions of the former Redevelopment Agency for the County of Riverside (former RDA). Subsequently on September 22, 2015 State budget trailer bill SB107 passed which made amendments to the existing dissolution law as defined in ABx1 26. Under the prior dissolution law, only housing bond proceeds from bonds issued prior to January 1, 2011, that were issued for affordable housing purposes and secured by a pledge of low and moderate income housing funds, remaining after satisfaction of enforceable obligations approved on a Recognized Payment Obligation Schedule (ROPS) were considered housing assets and were allowed to be expended. SB 107 changed the date by which the applicable housing bonds must have been issued from January 1, 2011 to June 28, 2011, and clarifies that the legislative intent is to allow housing successors to designate the use of and commit all unused housing bond proceeds pursuant to the bond covenants for housing bonds issued prior to June 28, 2011. As such HACR staff proposes that the Board consider the attached Resolution No. 2016-006 approving an allocation of funding derived from a housing bond issuance that occurred prior to June 28, 2011 for the Paseo de Los Heroes III multi-family housing project.

The Coachella Valley Housing Coalition, a California non-profit public benefit corporation and an affordable housing developer, has formed a limited liability partnership known as Paseo III Housing Associates, L.P., a California limited partnership (Partnership), for the purposes of applying for tax credits to the California Tax Credit Allocation Committee (TCAC) for the development of the proposed project discussed herein. The Paseo de Los Heroes III (Proposed Project) will be located on 10 acres of vacant land located south of Lincoln on Avenue 64, in the unincorporated community of Mecca, identified as Assessor's Parcel Number 727-030-041. The Proposed Project will consist of an 81 unit multi-family apartment complex, comprised of 16-two bedroom units, 53-three bedroom units and 11-four bedroom units. The Proposed Project will be rented to and occupied by qualified low-income farmworker households.

The Proposed Project has a funding gap of \$850,000 and the Partnership has submitted an application to the HACR requesting assistance in the form of 2011 Taxable Tax Allocation Housing Bond, Series A-T proceeds to fill such gap. Forty-nine percent of the units will be restricted to households whose incomes do not exceed 80% of the Riverside County Area Median Income. Staff has reviewed the application and supports the Proposed Project and the request to utilize 2011 Taxable Tax Allocation, Series A-T Housing Bond proceeds.

The need to expand farmworker housing needs in Riverside County is a high priority in the County of Riverside's Consolidated Plan. In order to complete the TCAC application for an allocation of tax credits, the Partnership must provide a resolution from the local jurisdiction providing support for the Proposed Project.

(Continued)

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

Housing Authority

FORM 11: Adoption of Resolution No.2016-006 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Paseo III Housing Associates, L.P., in the Unincorporated Community of Mecca, District 4, [\$902,500], 94% 2011 Taxable Tax Allocation Housing Bonds, Series A-T and 6% 2011 Tax Exempt Housing Bonds, Series A

DATE: May 25, 2016

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BACKGROUND: (Continued)

Summary

The attached proposed Resolution No. 2016-006 provides Board support for the Proposed Project and recommends an allocation of up to \$850,000 in 2011 Taxable Tax Allocation Housing Bond, Series A-T proceeds to be used as loan to the Partnership (Taxable Bond Loan) to pay a portion of the development and construction costs for the Proposed Project. Staff recommends that the allocation of the Taxable Bond Loan amount only be valid until December 31, 2016.

The attached proposed Resolution 2016-006 allocates \$850,000 in 2011 Taxable Tax Allocation Housing Bond, Series A-T proceeds for the Proposed Project, subject to the Partnership's satisfaction of the conditions specifically set forth in the attached Resolution 2016-006, which include but are not limited to the following:

1. Securing any and all land use entitlements, permits and approvals which may be required for development and construction of the Proposed Project, including, but not limited to compliance with the California Environmental Quality Act;
2. Obtaining sufficient equity capital or firm and binding commitments for construction and permanent financing necessary to undertake the development and completion of the Proposed Project; and
3. Successful negotiation of a Loan Agreement approved by the Board of Commissioners.

The estimated total cost to develop and construct the Proposed Project is \$29,287,055. In addition to the Taxable Bond Loan in the amount of \$850,000, other sources of funds will include \$23,292,146 in tax credit equity, \$1,342,200 from a United States Department of Agriculture (USDA) 538 loan, \$3,000,000 from a USDA 514 loan, \$800,000 from the Affordable Housing Loan Program and \$2,709 in General Partnership Equity. In addition to the proposed financial assistance to be provided to the Partnership discussed above, HACR staff is also requesting Board approval of an additional allocation of up to \$52,500 derived from 2011 tax exempt housing bond proceeds to pay direct staffing expenses and legal fees associated with HACR staff administration of the Proposed Project.

Staff Recommends that the Board approve Resolution No.2016-006. County Counsel has reviewed and approved as to form the attached Resolution No.2016-006.

Impact on Citizens 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 will be fully funded with 2011 Taxable Tax Allocation Housing Bonds Series, A-T and 2011 Tax Exempt Housing Bond, Series A proceeds.

Attachments:

Resolution No. 2016—006

RF: JV: HM: JA: TF: SA

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RESOLUTION 2016-006
FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR LOW-INCOME
HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
FOR THE PASEO DE LOS HEROES III MULTIFAMILY HOUSING PROJECT

WHEREAS, on February 1, 2012, pursuant to ABx1 26, all California Redevelopment Agencies were eliminated and the Housing Authority of the County of Riverside, a public entity, corporate and politic, (HACR) assumed the housing functions of the former Redevelopment Agency for the County of Riverside (former RDA);

WHEREAS, subsequently on September 22, 2015 State budget trailer bill SB107 passed which made amendments to the existing dissolution law as defined in ABx1 26. Under the prior dissolution law, only housing bond proceeds from bonds issued prior to January 1, 2011, that were issued for affordable housing purposes and secured by a pledge of low and moderate income housing funds, remaining after satisfaction of enforceable obligations approved on a Recognized Payment Obligation Schedule, were considered housing assets and were allowed to be expended. SB 107 changed the date by which the applicable housing bonds must have been issued from January 1, 2011 to June 28, 2011;

WHEREAS, HACR has unused housing bond proceeds issued prior to June 28, 2011 derived from former RDA 2011 Taxable Tax Allocation Housing Bonds, Series A-T;

WHEREAS, the HACR has identified the expansion of affordable rental housing stock for low-income farmworker households as a high housing priority through the County's Five Year Consolidated Plan;

WHEREAS, The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation and an affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project for farmworker households consisting of 80 affordable rental units and one (1) residential manager's unit ("Project") on real property located on approximately 10 acres of vacant land located south of Lincoln on Avenue 64, Assessor Parcel Number 727-030-041 ("Property");

1 **WHEREAS**, forty nine percent (49%) of the units will be restricted to households whose
2 incomes do not exceed 80% of the Riverside County Area Median Income;

3 **WHEREAS**, Developer has formed a limited liability partnership known as Paseo III
4 Housing Associates ("Partnership"), for the purpose of applying for Project funding including, but
5 not limited to tax credits;

6 **WHEREAS**, the Partnership has submitted an application to the HACR requesting
7 financial assistance in the amount of \$850,000 in taxable bond proceeds to fill an existing
8 \$850,000 Project financing gap;

9 **WHEREAS**, the California Tax Credit Allocation Committee ("TCAC"), through its
10 application process, allocates low-income housing tax credits to eligible affordable housing
11 projects to raise project equity through the sale of tax benefits to investors;

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

15 **WHEREAS**, the application deadline to be considered for a 2016 allocation of tax credits
16 through TCAC is June 29, 2016;

17 **WHEREAS**, to complete the TCAC application process, the Partnership must provide a
18 resolution from the local jurisdictions, including the HACR, supporting the Project; and

19 **WHEREAS**, the Developer has successfully completed several affordable housing
20 complexes in California;

21 **WHEREAS**, the HACR desires to approve an allocation of funding in the approximate
22 amount of \$850,000 derived from former RDA 2011 Taxable tax Allocation Housing Bonds,
23 Series A-T proceeds, to be used to pay a portion of the costs to develop and construct the
24 Project on the Property, subject to the Partnership's satisfaction of certain conditions precedent
25 for the benefit of the HACR. ; and

26 **WHEREAS**, the HACR desires to support the Partnership's application to TCAC for an
27 allocation of low-income housing tax credits.

1 **BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of Commissioners for
2 Housing Authority of the County of Riverside, State of California, in regular session assembled
3 on June 7, 2016, as follows:

- 4 1) That the Board of Commissioners hereby finds and declares that the above recitals are
5 true and correct and incorporated as though set forth herein.
- 6 2) The Board of Commissioners supports the Partnership's application to TCAC for an
7 allocation of low-income housing tax credits, the sale proceeds of which will be used to
8 finance the development and construction of a multi-family affordable rental housing
9 project consisting of eighty (80) affordable rental units and one (1) residential
10 manager's unit, on real property located on approximately 10 acres of vacant land
11 located south of Lincoln on Avenue 64, Assessor's Parcel Number 727-030-041.
- 12 3) Subject to any restriction on the use of taxable bond proceeds, the Board of
13 Commissioners agrees to provide financial assistance to the Partnership in the
14 maximum amount of \$850,000 derived from 2011 Taxable tax Allocation Housing Bonds,
15 Series A-T proceeds, (Taxable Bond Loan) for construction of eligible activities on the
16 Project, subject to the satisfaction of the following conditions precedent:
- 17 a. Borrower: Paseo III Housing Associates LP;
 - 18 b. Project Name: Paseo de Los Heroes III;
 - 19 c. Taxable Bond Loan Amount: Not to exceed Eight Hundred and Fifty Thousand
20 Dollars (\$850,000);
 - 21 d. Interest: Three percent (3%) simple interest;
 - 22 e. Affordability Period: 55 years from recordation of the Notice of Completion in the
23 official records of the County of Riverside;
 - 24 f. Taxable Bond Loan Term: 55 years;
 - 25 g. Repayment: Loan payments derived from the Project's residual receipts;
 - 26 h. Entitlements and Governmental Approvals: Secure any and all required land use
27 entitlements, permits and approvals which may be required for construction of
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FORM APPROVED COUNTY COUNSEL
BY: *Shirley R. Brown* 5-17-16
MAIL R. BROWN
DATE

1 the Project, including, but not limited to compliance with the California
2 Environmental Quality Act and the National Environmental Policy Act;

- 3 i. Other Financing: the Taxable Bond Loan is expressly conditioned upon the
4 Partnership's ability to secure sufficient equity capital or firm and binding
5 commitments for financing necessary to undertake the development and
6 construction of the Project. All financing contemplated or projected with respect
7 to the Project shall be, or have been, approved in form and substance by the
8 Board of Commissioners. Additional financing for the Project includes:
9 \$23,292,146 in tax credit equity, \$1,342,200 from a United States Department of
10 Agriculture (USDA) 538 loan, \$3,000,000 from a USDA 514 loan, \$800,000 from
11 the Affordable Housing Loan Program and \$2,709 in General Partnership Equity;
- 12 j. Monitoring Fee: Payment of annual Compliance Monitoring Fee to the County in
13 the amount of \$8,100. Monitoring fee to be adjusted annually, not to exceed the
14 increase in the Consumer Price Index (CPI); and
- 15 k. Successful negotiation of a Loan Agreement, approved as to form by County
16 Counsel, approved by the Board of Commissioners and executed by all required
17 parties.

18 4) The Board of Commissioners' allocation to negotiate the Taxable Bond Loan, subject to
19 the satisfaction of the conditions precedent set forth herein, is valid until December 31,
20 2016, and shall thereafter have no force or effect, unless a Loan Agreement has
21 theretofore been approved and executed by the Board of Commissioners and the
22 Partnership, with respect to the Project.

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