

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

422



FROM: Economic Development Agency

SUBMITTAL DATE:
February 11, 2014

SUBJECT: Adoption of Resolution No. 2014-034 Funding Commitment and Support for Low-Income Tax Credit Application for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$500,000], HOME Investment Partnership Act Funds

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2014-034 committing funding up to the amount of \$500,000 in HOME Investment Partnership Act Funds to Vista Montana Phase II, L.P., and supporting the application from Vista Montana Phase II, L.P., for Low-Income Housing Tax Credits 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	\$ 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	Budget Adjustment: No
	For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley

Nays: None

Absent: None

Date: February 25, 2014

xc: EDA

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.: 3.14 of 1/07/2014

District: 4/4

Agenda Number:

3-12

FORM APPROVED COUNTY COUNSEL
BY: J.S.L.S.
DATE: _____
BY: JAILA R. BROWN
Departmental Concurrence

FISCAL PROCEDURES APPROVED
PAUL LANGULO, CPA, AUDITOR-CONTROLLER
BY: 2/10/14

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

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2014-034 Funding Commitment and Support for Low-Income Tax Credit Application for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$500,000], HOME Investment Partnership Act Funds

DATE: February 11, 2014

Page 2 of 3

BACKGROUND:

Summary

Chelsea Investment Corporation (Developer) has formed a limited liability partnership known as Vista Montana Phase II, L.P. (Partnership), for the purpose of applying for tax credits to the California Tax Credit Application Committee (TCAC) for the development of the proposed project discussed herein. The proposed project consists of the development and construction of Vista Montana Phase II Apartments, a 52 unit affordable multifamily apartment complex, comprised of 12 one-bedroom units, 24 two-bedroom units, and 16 three-bedroom units, located in the City of Coachella (Proposed Project). The Proposed Project will be rented to and occupied by individuals and families with incomes which are no more than 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 52 units in a 108-unit development; Phase I, the aforementioned completed project, consists of 56 units which did not receive financial assistance from the County, and 100% leased up. The Proposed Project will be located on approximately 4.69 acres of that certain real property consisting of approximately 8.86 acres located on the south east corner of Bagdad Avenue and Libnan Street in the City of Coachella (Property). 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 \$500,000, 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 \$500,000 in HOME funds for the development and construction of the Proposed Project which will result in the set aside of a minimum of 11 HOME-assisted units. Staff has reviewed the application and supports the Proposed Project. 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.

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 TCAC 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 Resolution recommends Board support for the Proposed Project and recommends to the Board to make a commitment of \$500,000 in HOME funds (HOME Loan) for the development and construction of 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 commitment to provide funding only be valid until November 30, 2014.

(Continued)

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2014-034 Funding Commitment and Support for Low-Income Tax Credit Application for Vista Montana Phase II Apartments in the City of Coachella, District 4, [\$500,000], HOME Investment Partnership Act Funds

DATE: February 11, 2014

Page 3 of 3

BACKGROUND:

Summary (continued)

The attached Resolution 2013-034 commits \$500,000 in HOME funds for the Proposed Project, subject to the Partnership's satisfaction of the conditions precedent specifically set forth in the attached Resolution 2013-034, 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;
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 \$13,197,531. In addition to the HOME Loan, additional sources of funds will include a \$510,000 grant from the Federal Home Loan Bank's Affordable Housing Program, a \$1,710,574 loan from California Community Reinvestment Corporation, \$694,944 in the deferred developer's fee, \$1,851,200 in deferred City of Coachella Community Facilities District fees, and the balance of \$7,930,813 will come from tax credit equity financing.

Staff recommends that the Board approve Resolution No. 2014-034. County Counsel has reviewed and approved as to form the attached Resolution No. 2014-034.

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.

Attachments:

- Resolution No. 2014-034

**RESOLUTION 2014-034
FUNDING COMMITMENT
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 (Developer) is proposing to develop and construct a multi-family affordable rental housing project consisting of consist of fifty one (51) affordable 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, 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, Chelsea Investment Corporation (Developer) has formed a limited liability partnership known as Vista Montana Phase II, 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 \$500,000 in HOME funds to fill an existing \$500,000 Project financing gap;

WHEREAS, the California Tax Credit Allocation Committee (TCAC), through its

RESOLUTION NUMBER 2014-034

Vista Montana Phase II Apartments – Chelsea Investment Corporation

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 TCAC 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 2014 allocation of tax credits
7 through TCAC is March 05, 2014;

8 **WHEREAS**, to complete the TCAC 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 \$500,000 in HOME funds to be
13 used to pay for the development and construction of the Project on the Property, subject to the
14 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 TCAC 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 February 25, 2014, 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 TCAC 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 fifty one (51) affordable rental units and one (1) additional
26 manager's unit, on real property located on an approximately 4.69 acre portion of an
27 approximately 8.86 acre lot situated on the southeast corner of Bagdad Avenue and
28 Libnan Street in the City of Coachella, also known as Assessor's Parcel Number 768-

RESOLUTION NUMBER 2014-034

Vista Montana Phase II Apartments – Chelsea Investment Corporation

1 230-003.

2 3) Subject to any restriction on the use of HOME funds contained in the HOME Regulations
3 (24 CFR Part 92), the Board of Supervisors agrees to provide financial assistance to the
4 Partnership in the maximum amount of \$500,000 in HOME funds (HOME Loan) for
5 construction of eligible activities on the Project, subject to the satisfaction of the
6 following conditions precedent:

- 7 a. Borrower: Vista Montana Phase II, L.P.;
- 8 b. Project Name: Vista Montana Phase II Apartments;
- 9 c. HOME Loan Amount: Not to exceed Five Hundred Thousand Dollars (\$500,000);
- 10 d. Interest: Three Percent (3%) simple interest;
- 11 e. Affordability Period: Fifty Five Years (55 years) from recordation of the Notice of
12 Completion;
- 13 f. HOME Loan Term: Fifty Five Years (55 years);
- 14 g. Repayment: Loan Payments derived from the Project's residual receipts;
- 15 h. Entitlements and Governmental Approvals: Secure any and all required land use
16 entitlements, permits and approvals which may be required for construction of
17 the Project, including, but not limited to compliance with the California
18 Environmental Quality Act;
- 19 i. Other Financing: the HOME Loan is expressly conditioned upon the
20 Partnership's ability to secure sufficient equity capital or firm and binding
21 commitments for financing necessary to undertake the development and
22 construction of the Project. All financing contemplated or projected with respect
23 to the Project shall be, or have been, approved in form and substance by the
24 Board of Supervisors. Additional financing for the Project includes: \$510,000
25 grant from the Federal Home Loan Bank's Affordable Housing Program, a
26 \$1,710,574 loan from California Community Reinvestment Corporation,
27 \$694,944 in deferred developer's fee, \$1,851,200 in deferred City of Coachella
28 Community Facilities District fees, and the balance of \$7,930,813 will come from

RESOLUTION NUMBER 2014-034

Vista Montana Phase II Apartments – Chelsea Investment Corporation

1 tax credit equity financing. Total development cost for the Project is
2 \$13,197,531;

3 j. Monitoring Fee: Payment of annual Compliance Monitoring Fee to the County in
4 the amount of \$5,200. Monitoring fee to be adjusted annually, not to exceed the
5 increase in the Consumer Price Index (CPI);

6 k. Partnership must comply with all applicable HOME program requirements and
7 other Federal funding requirements; and

8 l. Successful negotiation of a HOME Loan agreement approved by the Board of
9 Supervisors and executed by all required parties.

10 4) The Board of Supervisors' commitment to provide the HOME Loan, subject to the
11 satisfaction of the conditions precedent set forth herein, is valid until November 30,
12 2014, and shall thereafter have no force or effect, unless a HOME Loan agreement has
13 theretofore been approved and executed by the Board of Supervisors and the
14 Partnership, with respect to the Project.

15 //

16 //

17 // FORM APPROVED COUNTY COUNSEL
18 // BY: Shaila R. Brown 2.6.14
19 // SHAILA R. BROWN DATE

19 //

20 // ROLL CALL:

21 // Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
22 // Nays: None
23 // Absent: None

23 //

24 // The foregoing is certified to be a true copy of a resolution duly
25 // adopted by said Board of Supervisors on the date therein set forth.

25 // KECIA HARPER-IHEM, Clerk of said Board
26 // By [Signature]
27 // Deputy

28 //

RESOLUTION NUMBER 2014-034

Vista Montana Phase II Apartments - Chelsea Investment Corporation