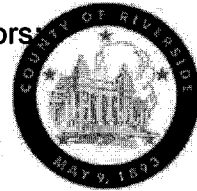


RECOMMENDED MOTION: That the Board of Supervisors
SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.18
(ID # 3472)

MEETING DATE:

Tuesday, February 7, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: Economic Development Agency (EDA): Adoption of Resolution No.2017-035 Funding Allocation and Support for Application for Low-Income Housing Tax Credits for Villa Hermosa Apartments II, in the City of Indio, District 4, [\$720,000], 72% Neighborhood Stabilization Program 1 funds and [\$280,000] 28% HOME Investment Partnership Act funds

1. Adopt Resolution No.2017-035 allocating funding up to the amount of \$1,000,000, consisting of \$720,000 in Neighborhood Stabilization Program 1 funds and \$280,000 in HOME Investment Partnership Act funds, to the Coachella Valley Housing Coalition, a California corporation (CVHC), and supporting the application from CVHC to the California Tax Credit Allocation Committee for Low-Income Housing Tax Credits for the Villa Hermosa Apartments II Project, a multifamily farmworker housing project located in the City of Indio; and
2. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement Resolution No.2017-035, including, but not limited to signing subsequent necessary and relevant documents, subject to County Counsel approval.

ACTION: Policy

Robert Field, Assistant County Executive Officer/EDA

1/24/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: February 7, 2017
xc: EDA

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 72% of Neighborhood Stabilization Program 1 and 28% HOME Investment Partnerships Program Funds			Budget Adjustment:	No
			For Fiscal Year:	16/17

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Coachella Valley Housing Coalition, a California non-profit public benefit corporation, (Developer) has applied to the County of Riverside (County) for gap funding in the amount of \$1,000,000, to be used to pay a portion of the costs for the development and construction of phase II of the Villa Hermosa Apartments project. Phase II of the Villa Hermosa Apartments project consists of the development and construction of a 68 unit multifamily affordable rental housing complex for farmworker families, comprised of 4 one-bedroom units, 32 two-bedroom units, 24 three-bedroom units and 8 four-bedroom units, (Proposed Project), located on 6.32 acres of land on the corner of Van Buren Street and Dr. Carreon Boulevard, in the City of Indio, identified as Assessor Parcel Number 612-170-017 (Property). The Proposed Project is phase II of a recently completed affordable housing rental project consisting of 85 units (Phase I) which are adjacent to Proposed Project. County staff has identified available funding consisting of \$280,000 derived from available HOME Investment Partnerships Program (HOME) funds, and \$720,000 derived from available Neighborhood Stabilization Program I (NSP) funds (County Allocation).

Forty-nine percent of the units in the Proposed Project will be restricted to individuals whose incomes do not exceed 50% of the area median income for the County. Of the 49% percent of the restricted units, 11 units will be subject to HOME Investment Partnerships Program (HOME) occupancy and use restrictions, and will be rented to individuals whose incomes do not exceed 50% of area median income for the County. The Developer will be submitting an application on March 1, 2017 to the California Tax Credit Allocation Committee (TCAC) seeking an allocation of tax credits to finance a majority of the costs to develop and construct the Proposed Project. This action only relates to the proposed County Allocation and Developer's request for support of the TCAC application.

At a later date, Developer will form a limited partnership for the purpose of selling the tax credits, constructing and owning the Proposed Project, and entering into any loan agreements for the financing of the project. Developer will serve as the general partner/managing member of the newly created limited partnership. For tax credit purposes, Phase I and Proposed Project will be owned by separate limited partnerships, but will share the Developer as the same

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

general partner. The limited partnerships for 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 3,172 square foot community center with internet access, soccer fields, four tot-lots and a swimming pool.

In addition to the \$1,000,000 derived from County HOME and NSP funds, additional sources of funds may include \$17,477,910 in tax credit equity, a construction loan from US Bank in the amount of \$2,715,901, a United States Department of Agriculture (USDA) 514 loan in the amount of \$3,000,000, a donation of land from the City of Indio valued at \$2,024,125, a Developer Impact Fee Waiver in the amount of \$2,183,206 and general partnership equity in the amount of \$25,488. The total cost of development is estimated to be \$ 28,426,630.

The need to expand farmworker housing needs in the 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, Developer must provide a resolution from the local jurisdiction providing support for the Proposed Project.

The attached proposed Resolution No. 2017-035 accomplishes the following, (i) approves a funding allocation in the maximum total amount of \$1,000,000, consisting of \$720,000 in County Neighborhood Stabilization Program 1 funds and \$280,000 in County HOME Program funds, to provide a loan to Developer to pay a portion of the development and construction costs for the Proposed Project, and (ii) provides County support for the Proposed Project and Developer's application to TCAC for tax credits. Staff recommends that the County Allocation of NSP and HOME funds be valid until December 31, 2017.

The County Allocation is subject to the Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2017-035, 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 National Environmental Policy Act (NEPA);
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 loan agreements evidencing the County Allocation approved by the Board of Supervisors.

Staff recommends that the Board approve and adopt Resolution No.2017-035. County Counsel has reviewed and approved as to form the attached Resolution No.2017-035.

Impact on Residents and Businesses

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

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.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution will be funded with Neighborhood Stabilization Program 1 funds and HOME Investment Partnership Act Funds.

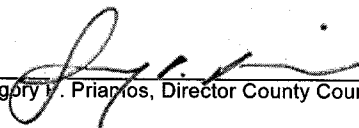
Attachments:

Resolution No. 2017-035

RF:JW:HM:JA:JG:SA

13475

H:\Housing\HOME\2017 HOME\Villa Hermosa Phase II\Form 11\Form 11-Resolution for Commitment.docx



Gregory L. Priamos, Director County Counsel 1/25/2017

**RESOLUTION 2017-035
APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR LOW-
INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION
COMMITTEE FOR THE VILLA HERMOSA PHASE II MULTIFAMILY HOUSING PROJECT**

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 Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act);

WHEREAS, the County is also 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 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 sixty-seven (67) affordable rental units and one (1) residential manager's unit ("Project") on approximately 6.32 acres of vacant land located on the corner of Van Buren Street and Doctor Carreon Boulevard, in Indio, California, identified as Assessor Parcel Number 612-170-017 ("Property");

WHEREAS, forty nine percent (49%) of the units in the Project will be restricted to households whose incomes do not exceed 50% of the Riverside County area median income;

WHEREAS, the Developer has submitted an application to the County requesting financial assistance in the amount of \$1,000,000 consisting of \$720,000 in Neighborhood Stabilization Program 1 (NSP) funds and \$280,000 in HOME Investment Partnerships Program (HOME) funds ("County Allocation"). The County Allocation is needed to fill an existing Project financing gap in the amount of \$1,000,000;

RESOLUTION NUMBER 2017-035
Villa Hermosa Apartments

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

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

7 **WHEREAS**, the application deadline to be considered for a 2017 allocation of tax credits
8 through TCAC is March 1, 2017;

9 **WHEREAS**, to complete the TCAC application process, the Developer 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 the County;

13 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
14 amount of \$1,000,000 derived from Neighborhood Stabilization Program 1 (NSP) funds and
15 HOME Investment Partnerships Act (HOME) funds, to be used to pay a portion of the costs to
16 develop and construct the Project on the Property, subject to the Partnership's satisfaction of
17 certain conditions precedent for the benefit of the County; and

18 **WHEREAS**, the County desires to support the Developer's application to TCAC for an
19 allocation of low-income housing tax credits.

20 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND ORDERED** by the
21 Board of Supervisors of the County of Riverside ("Board"), in regular session assembled on
22 February 7, 2017, in the meeting room of the Board of Supervisors located on the 1st floor of
23 the County Administrative Center, 4080 Lemon Street, Riverside, California, as follows:

- 24 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
25 and correct and incorporated as though set forth herein.
- 26 2) The Board of Supervisors supports the Developer's application to TCAC for an
27 allocation of low-income housing tax credits, the sale proceeds of which will be used to
28 finance the development and construction of a multi-family affordable rental housing

1 project consisting of eighty (67) affordable rental units and one (1) residential
2 manager's unit, on real property located on approximately 6.32 acres of vacant land
3 located on the corner of Van Buren Street and Dr. Carreon Boulevard, in Indio,
4 California, identified as Assessor's Parcel Number 612-170-017.

5 3) Subject to any restrictions on the use of NSP and HOME funds, the Board of
6 Supervisors agrees to provide financial assistance to the Developer in the maximum
7 amount of \$1,000,000 derived from NSP and HOME funds, for construction of eligible
8 activities on the Project, subject to the satisfaction of the following conditions precedent:

- 9 a. Borrower: The Coachella Valley Housing Coalition, a California corporation, or a
10 limited partnership created by the Coachella Valley Housing Coalition for the
11 specific purpose of selling tax credits and developing, constructing and owning
12 the Project where Coachella Valley Housing Coalition is the general
13 partner/managing member;
- 14 b. Project Name: Villa Hermosa Apartments II;
- 15 c. HOME and NSP Loan Amount: Not to exceed One Million Dollars (\$1,000,000);
- 16 d. Interest: Three percent (3%) simple interest;
- 17 e. Affordability Period: 55 years from recordation of the Notice of Completion in the
18 official records of the County of Riverside;
- 19 f. HOME and NSP Loan Term: 55 years;
- 20 g. Repayment: Loan payments derived from the Project's residual receipts;
- 21 h. Entitlements and Governmental Approvals: Secure any and all required land use
22 entitlements, permits and approvals which may be required for construction of
23 the Project, including, but not limited to compliance with the California
24 Environmental Quality Act and the National Environmental Policy Act;
- 25 i. Other Financing: the HOME and NSP loans are expressly conditioned upon the
26 Developer's ability to secure sufficient equity capital or firm and binding
27 commitments for financing necessary to undertake the development and
28 construction of the Project. All financing contemplated or projected with respect

FORM APPROVED COUNTY COUNSEL

BY: Thalia R. Brown DATE: 1-25-17

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

to the Project shall be, or have been, approved in form and substance by the Board of Supervisors. Additional financing for the Project includes: \$17,477,910 in tax credit equity, \$3,000,000 from a United States Department of Agriculture (USDA) 514 loan, \$2,715,901 construction loan from US Bank, donated land from the City of Indio valued at \$2,024,125, \$25,488 in general partnership equity and \$2,183,206 Developer Impact Fee Waiver;

- j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in the amount of \$6,800. Monitoring fee to be adjusted annually, not to exceed an increase in the Consumer Price Index (CPI); and
- k. Successful negotiation of loan agreements evidencing the loan of the HOME funds and NSP funds in the amounts approved herein, approved as to form by County Counsel, approved by the Board of Supervisors and executed by all required parties.

4) The Board of Supervisors' commitment to provide the NSP and HOME loans is subject to the satisfaction of the conditions precedent set forth herein, is valid until December 31, 2017, and shall thereafter have no force or effect, unless NSP and HOME loan agreements related to the financing of the Project (approved as to form by County Counsel) have been approved and executed by the Board of Supervisors and the Developer.

ROLL CALL:

// Ayes: Jeffries, Tavaglione, Washington and Ashley
 // Nays: None
 // Absent: None

//
//
//
//
//
//

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

KECIA HARPER-IHEM, Clerk of said Board
 By Kellie Washington
 Deputy

RESOLUTION NUMBER 2017-035
Villa Hermosa Apartments