

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



ITEM
3.25
(ID # 7294)

MEETING DATE:

Tuesday, June 26, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Adopt Resolution No. 2018-124, Funding Allocation and Support for Application for Veterans Housing and Homeless Prevention Program for the Veterans Village Apartments, District 4, [\$1,000,000] Neighborhood Stabilization Program 1 Funds 100%; CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:
Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3); and

Adopt Resolution No. 2018-124 Funding Allocation and Support for Application for Veterans Housing and Homeless Prevention Program for the Veterans Village Apartments, allocating funding up to \$1,000,000 derived from Neighborhood Stabilization Program 1 Funds to A0685 Cathedral City, L.P., and supporting the application from A0685 Cathedral City, L.P., for Veteran Housing and Homeless Prevention Program funds to pay development and construction costs for Veterans Village Apartments located in Cathedral City.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD 6/13/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Perez
Nays: None
Absent: Ashley
Date: June 26, 2018
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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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: Neighborhood Stabilization Program 1 Funds			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Routine

BACKGROUND:

Urban Housing Communities, LLC (Developer) has formed a limited liability partnership known as A0685 Cathedral City, L.P., a California limited partnership (Partnership), for the purpose of applying to the California Department of Housing and Community Development (HCD) for funding through the Veterans Housing and Homeless Prevention Program (VHHP) to help finance the development and construction of the proposed project discussed herein. The proposed project consists of construction of a 60-unit apartment complex consisting of 48 one-bedroom units and 12 two-bedroom units rented to and occupied by low income veterans and their families (Project). One unit will be set aside for a resident manager. The proposed Project will provide veterans and their families with a variety of supportive services designed to ease the transition back into civilian life.

If awarded, VHHP funds 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 \$1,000,000, and the Partnership has submitted an application to the County requesting financial assistance in the form of Neighborhood Stabilization Program 1 (NSP) funds to fill such gap. The Developer is proposing to use \$1,000,000 in NSP funds (NSP Loan) to pay a portion of the costs to develop and construct the proposed Project which will result in the set aside of a minimum of 29 NSP-assisted units. The 29 units will be designated as County NSP-assisted units limited to households whose incomes do not exceed 50% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The NSP-assisted units will be restricted for a period of at least 55 years from the recordation of a Notice of Completion in the official records of the County of Riverside. The need to expand the affordable housing stock for low income households is a high priority in the County of Riverside's Consolidated Plan. Staff has reviewed the application and supports the proposed Project.

VHHP funds are competitive and the more local public funding a project has the better its chances at receiving a VHHP award. In order to complete the VHHP application process, the Partnership must provide HCD with a Resolution from the local jurisdiction providing support for the proposed Project. The attached Resolution No. 2018-124 is evidence of County support for the Partnership's application for VHHP funds and a funding allocation of \$1,000,000 in NSP

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funds, subject to the Partnership's satisfaction of certain conditions precedent that must occur on or before until December 1, 2018.

The attached Resolution 2018-124 allocates \$1,000,000 in NSP funds for the proposed Project, subject to the Partnership's satisfaction of certain conditions precedent, 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 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, more specifically, but not limited to, a \$10,000,000 loan from the HCD VHHP program;
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 NSP Agreement approved by the Board of Supervisors and executed by all required parties.

The estimated total cost for the proposed Project is \$26,475,982. In addition to the NSP Loan, additional sources of funds will include a \$10,000,000 loan from the California Housing and Community Development's Veterans Housing and Homeless Prevention program, a \$1,000,000 HOME loan from Cathedral City, land valued at \$1,568,160 from Cathedral City, \$1,430,000 loan from Citibank, N.A., \$1,000,000 loan from Home Depot, a \$900,000 loan from the Federal Home Loan Bank Affordable Housing Program, \$241,793 in General Partner's Equity, and \$9,336,029 in limited partner tax credit equity contribution.

Resolution No. 2018-124 was reviewed under CEQA and determined to be categorically exempt under CEQA Guidelines Section 15061(b) (3). Resolution No. 2018-124 merely provides support for submission of the VHHP application to HCD and allocates NSP funding for a proposed project, which allocation is subject to satisfaction of specific conditions prior to disbursement; therefore, it can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment, only financial impacts. Once the project parameters have been identified sufficiently and the conditions precedent to the allocation have been satisfied, then staff will conduct the appropriate environmental analysis and will submit any necessary environmental documents for review and approval. Staff will file a Notice of Exemption with the Clerk of the Board within 5 days of the adoption of Resolution No. 2018-124.

Staff recommends that the Board adopt Resolution No. 2018-124. County Counsel has reviewed and approved as to form the attached Resolution No. 2018-124.

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Impact of Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses of the County. The proposed allocation of funding will assist with a proposed Project expected to generate construction, permanent maintenance and property management jobs, and provide affordable housing for veterans and residents of the County of Riverside.

**SUPPLEMENTAL:
Additional Fiscal**

No impact upon the County's General Fund. The County's contribution to the proposed Project will be fully funded with NSP1 funds from the U.S. Department of Housing and Urban Development.

Attachments:

- Resolution No. 2018-124

RF:HM:CH:MW:JG

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Nehini Masika, Principal Management Analyst 6/18/2018


Gregory V. Priaplos, Director County Counsel 6/14/2018

**RESOLUTION NO. 2018-124
FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR
VETERANS HOUSING AND HOMELESS PREVENTION PROGRAM
FOR THE VETERANS VILLAGE APARTMENTS**

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, Urban Housing Communities LLC, a California limited liability company and affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project consisting of sixty (60) rental units including one (1) residential manager's unit ("Project") on real property consisting of approximately 9.05 acres of vacant land located at the northeast corner of Landau Blvd and Corta Rd in Cathedral City, California also identified as APNs 678-060-001; 002; 003; 004; 005; 049; 050; 051; 052 and 053 ("Property");

WHEREAS, the proposed 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 29 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 A0685 Cathedral City, L.P. ("Partnership"), for the purpose of applying for Project funding including, but not limited to Veterans Housing and Homeless Prevention ("VHHP") program funding;

WHEREAS, the Partnership has submitted an application to the County requesting financial assistance in the amount of \$1,000,000 in NSP1 funds to fill an existing \$1,000,000 Project financing gap;

WHEREAS, the California Department of Housing and Community Development

RESOLUTION NUMBER 2018-124
Veterans Village Apartments.

06.26.18 3.25

FORM APPROVED COUNTY COUNSEL
BY: *Shirley R. Brown* 06/26/18
DATE
SHIRLEY R. BROWN

1 ("HCD"), issued a notice of funding availability of approximately \$75,000,000 in VHHP program
2 funds dated May 18, 2018;

3 **WHEREAS**, the Partnership intends to submit an application to HCD for an allocation of
4 VHHP funds which will be used to finance Project costs;

5 **WHEREAS**, the application deadline to be considered for the VHHP funding is July 9,
6 2018;

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

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

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

14 **WHEREAS**, the County desires to support the Partnership's application to HCD for an
15 allocation of VHHP program funds.

16 **BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of Supervisors for the
17 County of Riverside, State of California, in regular session assembled on June 26, 2018, as
18 follows:

- 19 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
20 and correct and incorporated as though set forth herein.
- 21 2) The Board of Supervisors supports the Partnership's application to HCD for an
22 allocation VHHP program funds, the funds of which will be used to finance the
23 development and construction of a multi-family affordable rental housing project
24 consisting of fifty nine-nine (59) affordable rental units and one (1) on site residential
25 manager's unit, on real property located on approximately 9.05 acres of vacant land
26 located at northeast corner of Landau Blvd and Corta Rd in Cathedral City, California
27 also identified as APNs 678-060-001; 002; 003; 004; 005; 049; 050; 051; 052 and 053.
- 28

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 hereby agrees to allocate financial assistance to the Partnership in the maximum
4 amount of \$1,000,000 in NSP1 funds ("NSP1 Loan") for construction of eligible activities
5 on the Project, subject to the satisfaction of the following conditions precedent:

- 6 a. Borrower: A0685 Cathedral City, L.P.;
- 7 b. Project Name: Veterans Village Apartments;
- 8 c. NSP1 Loan Amount: Not to exceed One Million Dollars (\$1,000,000);
- 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 in addition to the NSP1 Loan for \$1,000,000,
24 is expected to include, but not be limited to the following: \$10,000,000 VHHP
25 loan, \$1,000,000 from Cathedral City, land valued at \$1,568,160 from Cathedral
26 City, \$1,430,000 from Citibank, \$1,000,000 from Home Depot, \$900,000 from the
27 Federal Home Loan Bank, \$241,793 in General Partner Equity/Deferred
28 Developer Fee and a 4% Tax Credit Investor Equity Contribution in the amount of

1 \$9,336,029. Total development cost for the Project is approximately
2 \$26,475,982;

3 j. Monitoring Fee: Payment of annual Compliance Monitoring Fee to the County in
4 the amount of \$6,000. 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 NSP1 program requirements and
7 other Federal funding requirements; and

8 l. Successful negotiation of a NSP1 Loan agreement, approved as to form by
9 County Counsel, approved by the Board of Supervisors and executed by all
10 required parties.


11 4) The Board of Supervisors' funding allocation and authorization to negotiate the NSP1
12 Loan, subject to the satisfaction of the conditions precedent set forth herein, is valid until
13 December 31, 2018, and shall thereafter have no force or effect, unless an NSP1 Loan
14 agreement has theretofore been approved and executed by the Board of Supervisors
15 and the Partnership, with respect to the Project.

16 //

17 // ROLL CALL:

18 // Ayes: Jeffries, Tavaglione, Washington and Perez
19 // Nays: None
20 // Absent: Ashley

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

23 // KECIA HARPER-IHEM, Clerk of said Board
24 // By  Deputy

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