

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



**ITEM: 3.19
(ID # 11039)**

MEETING DATE:
Tuesday, November 5, 2019

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Adoption of Resolution No. 2019-226 Approving Funding Allocation Of Up to \$1,000,000 from HOME Investment Partnerships Program Funds to Rancho Belago Developers and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Courtyards at Cottonwood Apartments at Cottonwood Multifamily Housing Project, in the City of Moreno Valley, District 5 [\$1,000,000] HOME Investment Partnerships Act Program funds 100%.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2019-226, Approving Funding Allocation of Up to \$1,000,000 from HOME Investment Partnerships Program Funds to Rancho Belago Developers and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Courtyard Apartments at Cottonwood Multifamily Housing Project, in the City of Moreno Valley.

ACTION:Policy

Robert Field, Assistant County Executive Officer/ECD 10/21/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: November 5, 2019
xc: EDA

Kecia R. Harper
Clerk of the Board
By:
Deputy

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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: Home Investment Partnerships Act Program Funds (100%)			Budget Adjustment: No For Fiscal Year: 2019/20	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Rancho Belago Developers, a California corporation, (Developer) has applied to the County of Riverside (County) for funding in the amount of \$1,000,000 to pay a portion of the costs to develop and construct the Courtyard Apartments at Cottonwood, an affordable multifamily low-income housing project (Proposed Project). The Proposed Project, Courtyards at Cottonwood Apartments, will be developed on 6.76 acres located at the northeast corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Numbers 482-161-021, 482-161-022, 482-161-023, 482-161-024 (Property). The Proposed Project will consist of 80 affordable units and one residential manager's unit comprised of 16 one-bedroom units, 40 two-bedroom units, and 24 three-bedroom units. Eleven units will be restricted to individuals whose incomes do not exceed 50% of the area median income for the County of Riverside. Developer will be submitting applications on November 15, 2019, 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.

The Proposed Project has a funding gap of \$1,000,000 and Developer has submitted an application to the County requesting assistance in the form of HOME Investment Partnerships Program (HOME) funds. Other financing sources for the Proposed Project are anticipated to include a \$27,896,086 in bond and tax credit proceeds, \$4,500,000 in City of Moreno Valley HOME and Neighborhood Stabilization Program funds, \$2,000,000 City of Moreno Valley land contribution, \$848,188 City of Moreno Valley fee waivers, and \$1,390,177 deferred developer fee. The total cost of development, during the permanent financing period, is approximately \$37,634,451.

The expansion of affordable rental housing stock for low-income households is a high housing priority through the County's Five-Year 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. 2019-226, provides Board support for the Proposed Project and recommends an allocation of up to \$1,000,000 in HOME funds to be used as a loan

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to Developer to pay a portion of the development and construction costs for the Proposed Project. Staff recommends that the allocation of the HOME funds be valid until December 31, 2020.

The attached proposed Resolution 2019-226, allocates up to \$1,000,000 in HOME funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2019-226, 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 of 1970 (CEQA) and the National Environmental Policy 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 requiring compliance with the HOME Program approved by the Board of Supervisors.

Staff recommends that the Board adopt Resolution No. 2019-226. County Counsel has reviewed and approved as to form the attached Resolution No. 2019-226.

Impact on 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 will be fully funded with HOME Investment Partnerships Program funds.

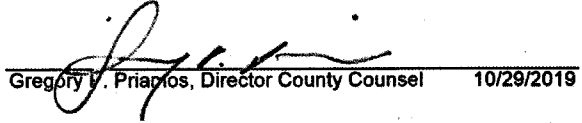
Attachments:

- Resolution No. 2019-226

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


Alex Gann

10/29/2019


Gregory V. Priamos, Director County Counsel

10/29/2019

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION 2019-226

APPROVING FUNDING ALLOCATION OF UP TO \$1,000,000 FROM HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS TO RANCHO BELAGO DEVELOPERS AND SUPPORT FOR APPLICATION FOR LOW-INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE FOR THE COURTYARD APARTMENTS AT COTTONWOOD MULTIFAMILY HOUSING PROJECT IN THE CITY OF MORENO VALLEY

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;

WHEREAS, Rancho Belago Developers, a California corporation and an affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project, Courtyard Apartments at Cottonwood, for low-income family households consisting of eighty (80) affordable rental units and one (1) residential manager's unit ("Project") on approximately 6.76 acres of vacant land located at the northeast corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Numbers 482-161-021, 482-161-022, 482-161-023, 482-161-024 ("Property");

WHEREAS, eleven (11) of the units will be restricted to households whose incomes do not exceed 50% of the Riverside County Area Median Income;

WHEREAS, Developer has submitted an application to County requesting financial assistance in the amount of \$1,000,000 in HOME funds ("County Allocation"). The County Allocation is needed to fill an existing Project financing gap in the amount of \$1,000,000;

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") was created to set and allocate California's annual debt ceiling, and administer the State's tax-exempt bond

RESOLUTION NUMBER 2019-226
Courtyard Apartments

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FORM APPROVED COUNTY COUNSEL
BY: *Sybil M. Gunzel* 10.29.19
DATE: SYBIL M. GUNZEL

1 program to issue the debt;

2 **WHEREAS**, the California Tax Credit Allocation Committee ("TCAC") allocates low-
3 income housing tax credits to eligible affordable housing projects that receive an award of bond
4 authority from CDLAC to raise project equity through the sale of tax benefits to investors;

5 **WHEREAS**, Developer intends to submit an application to CDLAC for bond authority
6 and the right to apply for non-competitive low-income housing tax credits, the sales proceeds of
7 which will be used to finance the development and construction of the Project;

8 **WHEREAS**, the application deadline to be considered for bond authority through CDLAC
9 for the right to apply for allocation of tax credits through TCAC is November 15, 2019;

10 **WHEREAS**, to complete the application process, Developer must provide a resolution
11 from the local jurisdictions, including the County, supporting the Project;

12 **WHEREAS**, the County desires to approve an allocation of funding up to the amount of
13 \$1,000,000 HOME funds, to be used to pay a portion of the costs to develop and construct the
14 Project on the Property, subject to Developer's satisfaction of certain conditions precedent for
15 the benefit of the County; and

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

18 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND ORDERED** by
19 the Board of Supervisors of the County of Riverside ("Board"), in regular session assembled on
20 November 5, 2019, in the meeting room of the Board of Supervisors located on the 1st floor of
21 the County Administrative Center, 4080 Lemon Street, Riverside, California, as follows:

- 22 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
23 and correct and incorporated as though set forth herein.
- 24 2) The Board of Supervisors supports the Developer's application to CDLAC/TCAC for an
25 allocation of low-income housing tax credits, the sale proceeds of which will be used to
26 finance the development and construction of a multi-family affordable rental housing
27 project, Courtyard Apartments at Cottonwood, consisting of 80 affordable rental units
28 and 1 residential manager's unit, on real property located on approximately 6.76 acres

1 of vacant land located at the northeast corner of Cottonwood Avenue and Indian Street,
2 in the City of Moreno Valley, County of Riverside, State of California, identified as
3 Assessor's Parcel Numbers 482-161-021, 482-161-022, 482-161-023, and 482-161-
4 024.

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

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

1 the Project. All financing contemplated or projected with respect to the Project
2 shall be, or have been, approved in form and substance by the Board of
3 Supervisors. Other financing sources for the Proposed Project include
4 \$27,896,086 in bond and tax credit proceeds, \$4,500,000 in City of Moreno
5 Valley HOME and Neighborhood Stabilization Program funds, \$2,000,000 City of
6 Moreno Valley land contribution, \$848,188 City of Moreno Valley fee waivers,
7 and \$1,390,177 deferred developer fee;

8 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
9 the amount of \$8,000. Monitoring fee to be adjusted annually, not to exceed an
10 increase in the Consumer Price Index (CPI); and

11 k. Successful negotiation of a loan agreement requiring compliance with the HOME
12 program and evidencing the loan of the HOME funds in the amounts approved
13 herein, approved as to form by County Counsel, approved by the Board of
14 Supervisors and executed by all required parties.

15 4) The Board of Supervisors' commitment to provide the HOME loan is subject to the
16 satisfaction of the conditions precedent set forth herein, is valid until December 31,
17 2020, and shall thereafter have no force or effect, unless a HOME loan agreement
18 related to the financing of the Project (approved as to form by County Counsel) has been
19 approved and executed by the Board of Supervisors and the Developer.

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21 ///

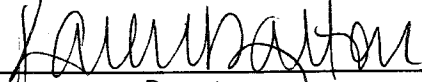
ROLL CALL:

22 ///

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None

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.

26 Kecia R. Harper, Clerk of said Board

27 By 
28 Deputy

11.05.19 3.19

RESOLUTION NUMBER 2019-226
Courtyard Apartments