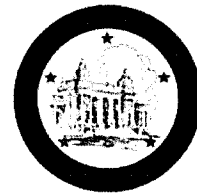


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.6
(ID # 11382)

MEETING DATE:

Tuesday, January 14, 2020

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Adoption of Resolution No. 2020-013 Approving Funding Allocation Up to \$1,500,000 from Neighborhood Stabilization Program (NSP) Funds to A0685 Cathedral City, L.P. and Support for the Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and for Application for Veterans Housing and Homelessness Prevention (VHHP) Program to the California Department of Housing and Community Development for the New Construction of Veterans Village of Cathedral City, a 60-Unit Low-Income Housing Project for Veterans; District 4; CEQA Exempt [\$1,500,000 - 100% Neighborhood Stabilization Program funds].

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2020-013, approving a conditional funding allocation up to \$1,500,000 from Neighborhood Stabilization Program funds to A0685 Cathedral City, L.P. and support for the application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and for application for Veterans Housing and Homelessness Prevention (VHHP) program funds to the California Department of Housing and Community Development for the construction of Veterans Village of Cathedral City, a 60-unit low-income housing project for veterans.

ACTION:Policy

Robert F. Field, Assistant County Executive Officer/ECO 12/9/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Washington, Perez and Hewitt
Nays: None
Absent: Spiegel
Date: January 14, 2020
xc: EDA

Kecja R. Harper
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	\$1,500,000	\$ 0	\$1,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% Neighborhood Stabilization Program Funds			Budget Adjustment: No	
			For Fiscal Year:	2019/20

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

Ikaika Ohana, an affordable housing developer (“Developer”), has formed a limited liability partnership known as A0685 Cathedral City, L.P., a California limited partnership (Partnership). The Partnership intends to apply to the California Department of Housing and Community Development (HCD) for funding through the Veterans Housing and Homelessness Prevention Program (VHHP) and also to the California Tax Credit Allocation Committee (TCAC) for Low-Income Housing Tax Credits (LIHTC) to finance the development and construction of the Proposed Project. The Proposed Project, located in Cathedral City, consists of constructing a 60-unit affordable housing apartment complex comprised of 48 one-bedroom units and 12 two-bedroom units rented to and occupied by low income veterans and their families (Proposed 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, the funds will be used by the Partnership to finance part of the costs to develop and construct the Proposed Project. The Proposed Project, however, has a funding gap of \$1,500,000 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 the gap. The Partnership is proposing to use \$1,500,000 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 applications and supports the Proposed Project.

LIHTC and VHHP funds are competitive and more local public funding strengthens the chance that the funds will be awarded to the Proposed Project. In order to complete the LIHTC and VHHP applications, the Partnership must provide TCAC and HCD with a resolution from the local jurisdiction that supports the Proposed Project. The attached Resolution No. 2020-013 is

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

evidence of County's support of the Partnership's application for LIHTC and VHHP funds and a funding allocation of \$1,500,000 in NSP funds, subject to the Partnership's satisfaction of certain conditions precedent that must occur on or before December 31, 2020.

The attached Resolution 2020-013 conditionally allocates \$1,500,000 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 Loan Agreement approved by the Board of Supervisors and executed by all required parties.

The estimated total cost for the Proposed Project is \$30,064,722. Anticipated sources of funds include a \$20,250,000 construction loan which will be converted to a \$2,716,000 permanent loan at completion, \$16,254,127 in tax credit equity, \$500,000 in a grant from Home Depot, donated land valued at \$1,568,160 from the City of Cathedral City, \$1,000,000 loan from the City of Cathedral City, \$1,500,000 Housing and Community Development Loan, \$5,509,996 loan from the Housing and Community Development Department MHP VHHP, \$300,000 in FHLB-Affordable Housing Program funds, and \$716,439 in deferred developer fees.

Resolution No. 2020-013, was reviewed under CEQA and determined to be categorically exempt under CEQA Guidelines Section 15061(b)(3). Resolution No. 2020-013 merely provides support for submission of the VHHP and LIHTC applications 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 Proposed Project parameters have been identified sufficiently and the conditions precedent to the allocation have been satisfied, staff will conduct the appropriate environmental analysis and will submit any necessary environmental documents for review and approval.

The attached Resolution No. 2020-013, provides Board support for the Proposed Project and recommends an allocation of up to \$1,500,000 in NSP funds to be used as a loan to the Partnership to pay a portion of the development and construction costs. Staff recommends that the allocation of NSP funds be valid until December 31, 2020 and that the Board approve Resolution No. 2020-013. County Counsel has reviewed Resolution No. 2020-013 and has

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

approved it as to form.

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 veterans and low income 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 NSP 1 funds from the U.S. Department of Housing and Urban Development.

Attachment:

- Resolution No. 2020-013


Steven Atkeson

1/8/2020


Gregory V. Priamos, Director County Counsel

1/3/2020

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

**RESOLUTION NUMBER 2020-013
APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATIONS FOR
VETERANS HOUSING AND HOMELESS PREVENTION PROGRAM AND LOW-INCOME
HOUSING TAX CREDITS FOR VETERANS VILLAGE APARTMENTS IN CATHEDRAL CITY**

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 submitted to the U.S. Department of Housing and Urban Development ("HUD");

WHEREAS, Ikaika Ohana, an affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project consisting of a sixty (60) unit low-income housing project for veterans that includes one (1) residential manager's unit on approximately 9.05 acres of vacant land located on the northeast corner of Landau Boulevard and Corta Road, in Cathedral City, California, identified as Assessor Parcel Number 678-060-001; 002; 003; 004; 005; 049; 050; 051; 052; and 053 ("Property"), known collectively as "the Project";

WHEREAS, 29 units will be subject to NSP program occupancy and use restrictions. Forty-eight percent of the units will be restricted to individuals whose income does not exceed 50% of the area median income for the County;

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 Homelessness Prevention ("VHHP") program funding and Low Income Housing Tax Credits ("LIHTC") to the California Tax Credit Allocation Committee ("TCAC");

WHEREAS, the Partnership has submitted an application to the County requesting

*RESOLUTION NUMBER 2020-013
Veterans Village of Cathedral City*

01.14.2020 3.6

FORM APPROVED COUNTY COUNSEL
BY AMRIT P. DHILLON 1/2/2020
DATE

1 financial assistance in the amount of \$1,500,000 in NSP funds ("County Allocation"). The
2 County Allocation is needed to fill an existing Project financing gap in the amount of \$ 1,500,000;

3 **WHEREAS**, TCAC allocates low-income housing tax credits to eligible affordable
4 housing projects to raise project equity through the sale of tax benefits to investors;

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

8 **WHEREAS**, the application deadline to be considered for a 2020 allocation of tax credits
9 through TCAC is January 17, 2020;

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

12 **WHEREAS**, the California Department of Housing and Community Development
13 ("HCD"), issued a notice of funding availability of approximately \$75,000,000 in VHHP program
14 funds dated November 8, 2019;

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

17 **WHEREAS**, the application deadline to be considered for VHHP funding is February 13,
18 2020;

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

21 **WHEREAS**, the Developer has successfully completed several affordable housing
22 complexes in the California;

23 **WHEREAS**, the County desires to approve the County Allocation to be used to pay a
24 portion of the costs to develop and construct the Project on the Property, subject to the
25 Partnership's satisfaction of certain conditions precedent for the benefit of the County; and

26 **WHEREAS**, the County desires to support the Partnership's applications to HCD and to
27 TCAC.

28 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND ORDERED** by the

1 Board of Supervisors of the County of Riverside ("Board"), in regular session assembled on
2 January 14, 2020, in the meeting room of the Board of Supervisors located on the 1st floor of
3 the County Administrative Center, 4080 Lemon Street, Riverside, California, as follows:

- 4 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
5 and correct and incorporated as though set forth herein;
- 6 2) The Board of Supervisors supports the Partnership's applications to TCAC for an
7 allocation of LIHTC and to HCD for an allocation of VHP program funds, the funds of
8 which will be used to finance the development and construction of a multi-family
9 affordable rental housing project consisting of 59 affordable rental units and 1
10 residential manager's unit, on real property located on approximately 9.05 acres of
11 vacant land located on the northeast corner of Landau Blvd and Corta Road, in
12 Cathedral City, California, identified as Assessor Parcel Number 678-060-001; 002;
13 003; 004; 005; 049; 050; 051; 052; and 053;
- 14 3) Subject to any restrictions on the use NSP1 funds set forth under Title III of Division B of
15 the Housing and Economic Recovery Act of 2008 ("HERA"), the Board of Supervisors
16 agrees to provide financial assistance to the Partnership in the maximum amount of
17 \$1,500,000 of NSP1 funds ("NSP1 Loan"), for construction of eligible activities on the
18 Project, subject to the satisfaction of the following conditions precedent:
 - 19 a. Borrower: A0685 Cathedral City, L.P.;
 - 20 b. Project Name: Veterans Village Apartments;
 - 21 c. NSP1 Loan Amount: Not to exceed One Million, Five-Hundred Thousand Dollars
22 (\$1,500,000);
 - 23 d. Interest: Three percent (3%) simple interest;
 - 24 e. Affordability Period: 55 years from recordation of the Notice of Completion in the
25 Official Records of the County of Riverside;
 - 26 f. NSP1 Loan Term: 55 years;
 - 27 g. Repayment: Loan payments derived from the Project's residual receipts;
 - 28

- 1 h. Entitlements and Governmental Approvals: Secure any and all required land use
2 entitlements, permits and approvals which may be required for construction of
3 the Project, including, but not limited to compliance with the California
4 Environmental Quality Act and the National Environmental Policy Act;
- 5 i. Other Financing: the NSP1 Loan is expressly conditioned upon the Partnership's
6 ability to secure sufficient equity capital or firm and binding commitments for
7 financing necessary to undertake the development and construction of the
8 Project. All financing contemplated or projected with respect to the Project shall
9 be, or have been, approved in form and substance by the Board of Supervisors.
10 In addition to the NSP1 Loan, additional sources of funds will include a
11 \$20,250,000 construction loan, \$2,716,000 permanent loan, \$16,254,127 in tax
12 credit equity, \$500,000 in a grant from Home Depot, donated land valued at
13 \$1,568,160 from the City of Cathedral City, \$1,000,000 loan from the City of
14 Cathedral City, \$1,500,000 Housing and Community Development Loan,
15 \$5,509,996 loan from the Housing and Community Development Department
16 MHP VHHP, \$300,000 in FHLB-Affordable Housing Program funds, and
17 \$716,439 in deferred developer fees;
- 18 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
19 the amount of \$6,000. Monitoring fee to be adjusted annually, not to exceed an
20 increase in the Consumer Price Index (CPI);
- 21 k. Partnership must comply with all applicable NSP1 program requirements and
22 other Federal Funding requirements; and
- 23 l. Successful negotiation of a NSP1 Loan agreement, approved as to form by
24 County Counsel, approved by the Board of Supervisors and executed by all
25 required parties; and
- 26 4) The Board of Supervisors' funding allocation and authorization to negotiate the NSP1
27 Loan, subject to the satisfaction of the conditions precedent set forth herein, is valid until
28 December 31, 2020, and shall thereafter have no force or effect, unless an NSP1 Loan

1 agreement has theretofore been approved and executed by the Board of Supervisors
2 and the Partnership, with respect to the Project.

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6 // ROLL CALL:

7 // Ayes: Jeffries, Washington, Perez and Hewitt
8 // Nays: None
9 // Absent: Spiegel

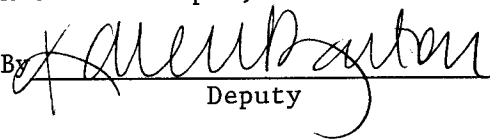
9 //

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

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Kecia R. Harper, Clerk of said Board

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By 
Deputy

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