

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3.8
(MT 12604)

The above referenced Item is deleted from the agenda for Tuesday,
July 14, 2020.

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



ITEM:

(ID # 12604)

MEETING DATE:

Tuesday, July 14, 2020

FROM: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS
(HHPWS): Approve the Form of Loan Agreement for the Use of HOME Funds for Pueblo Viejo Villas, in the City of Coachella; District 4 [100% HOME Investment Partnerships Act Funds - \$1,000,000]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on June 25, 2019, for the Project concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations of 24 CFR Parts 50 and 58;
2. Approve the attached form of Loan Agreement for the Use of HOME Program Funds, including all attachments thereto, (HOME Loan Agreement), between the County and 6th and Cesar Chavez CIC, LP, a California Limited Partnership (Partnership), providing a loan derived from the HOME Investment Partnerships Program in the amount of \$1,000,000 (HOME Loan), to be used to pay a portion of the development and construction costs for Pueblo Viejo Villas, a multi-family farmworker & disabled individual affordable rental housing project in the City of Coachella;
3. Approve the attached forms of HOME Loan Agreement, Deed of Trust and Assignment of Rents, HOME Loan Promissory Note and HOME Loan Covenant Agreement;
4. Authorize the Director of Housing, Homelessness Prevention and Workforce Solutions (HHPWS), or designee, to execute a HOME Loan Agreement and Covenant Agreement conforming in form and substance to the attached HOME Loan Agreement and Covenant Agreement, subject to approval by County Counsel;
5. Authorize the Director of HHPWS, or designee, to take all necessary steps to implement the HOME Loan Agreement, including but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel;
6. Authorize the Director of HHPWS, or designee, to negotiate and execute a Subordination Agreement subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of a construction lender, senior lender, securing a construction loan for the Project in an amount up to \$5,520,000, subject to approval by County Counsel;

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7. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the CA Housing and Community Development Affordable Housing and Sustainable Communities Program Loan (HCD AHSC) in an amount up to \$8,395,407;
8. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of Citibank in an amount up to \$5,657,000;
9. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the California Department of Developmental Services in an amount up to \$1,160,000;
10. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the Housing and Community Development Infill Infrastructure Grant Program in an amount up to \$1,100,000;
11. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the City of Coachella in an amount up to \$9,240,000; and
12. Authorize the Director of HHPWS, or designee, to take all necessary steps to implement the HOME Loan Agreement, and the Subordination Agreements, including but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

ACTION: Policy


Heidi Marshall, Director 6/12/2020

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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: HOME Investment Partnerships Act Funds			Budget Adjustment:	No
			For Fiscal Year:	20/21

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

On November 5, 2019, in connection with Pueblo Viejo Villas (aka the 6th and Cesar Chavez Affordable Housing Project), a development of a 105 unit multi-family affordable rental housing project for low and very low income farm worker families and developmentally disabled individuals, located in the City of Coachella (Project), the Board of Supervisors approved Resolution No. 2019-211 which achieved the following (i) allocated up to \$1,000,000 in HOME Investment Partnerships Act Funds (HOME Loan), subject to the satisfaction of certain conditions contained therein, and (ii) supported the submission of a low income housing tax credit application by Chelsea Investment Corporation, a California Corporation, to the California Tax Credit Allocation Committee (CTCAC) for the Project.

The Project was awarded tax credits by CTCAC and, since all of the conditions to funding set forth in Resolution No. 2019-211 have been satisfied, staff recommends that the Board approve the following attached documents memorializing the HOME Loan (I) the Loan Agreement for the Use of HOME Funds, including exhibits (HOME Loan Agreement) between the County of Riverside and 6th & Cesar Chavez CIC, LP, a California Limited Partnership (Partnership) memorializing the loan of \$1,000,000 derived from HOME Program funds to pay a portion of the development and construction costs for the Project. The HOME Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Project, the forms of which are each attached to the HOME Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Project with concurrent 55-year terms.

The Project will be located on a 2.66-acre parcel of vacant land located on the northeast corner of 6th Street and Cesar Chavez, in the City of Coachella, identified as Assessor's Parcel Numbers 778-080-005 & 778-080-006 (Project Site). Of the 105 units in the Project, 11 units will be subject to HOME program occupancy and use restrictions and will be rented to and occupied by individuals whose income does not exceed 50% of the area median income for the County and 10 units will be reserved for developmentally disabled individuals. Additionally, the Project includes the use of 8 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBV's) that will serve as a rental subsidy for clients on the Housing Authority of the County of Riverside HCVP waiting list for the Project. On site amenities will include a 1,400 square foot community center, an indoor bicycle storage and a child's play area. The community room will be equipped with a laundry room, kitchen to accommodate events,

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computer and learning center and a manager's office. Onsite social services will include after school programs for children as well as literacy and job training classes. The building is mixed use with 3,000 square feet of retail space.

In addition to the requested \$1,000,000 from County HOME funds the proposed project anticipates receiving a loan from Citibank in the amount of \$5,657,000, a California Housing and Community Development Affordable Housing and Sustainable Communities Program Loan (HCD AHSC) loan in the amount of \$8,395,407, Solar Tax Equity in the amount of \$267,823, CA Department of Development Services funding in the amount of \$1,160,000, City of Coachella loan in the amount of \$9,240,000, Deferred costs and fees in the amount of \$488,250, Deferred Developer Fee and Developer Equity contribution in the amount of \$3,561,037 and Tax Credit Equity in the amount of \$18,186,630. The total cost of development, during the permanent financing period, is approximately \$47,956,147.

Citibank, HCD and the City of Coachella as construction/permanent lenders (Senior Lenders), require as a condition precedent to their funding of loans that the HOME Loan subordinate to the Senior Lender liens. Subordination of the HOME Loan is necessary since an economically feasible alternative method of financing the Project on comparable terms is not available without subordination. As a result of the aforementioned subordination requirement, it is anticipated that lien priority during the construction and subsequent permanent phase shall be as follows: 1st priority Citibank, 2nd priority HCD AHSC, 3rd priority California Departments of Developmental Services, 4th priority City of Coachella, and 5th priority HOME Loan. At conversion, 1st priority will be Citibank and 2nd priority will be HCD AHSC.

On June 25, 2019, the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58. Staff recommends that the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement will not have a significant effect on the environment.

Staff recommends that the Board of Supervisors approve the attached form the HOME Loan Agreement, including all exhibits, including, but not limited to the forms of the HOME Loan Deed of Trust and Assignment of Rents, HOME Loan Promissory Note and HOME Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the HHPWS Director, or designee, to negotiate and execute subordination agreements, as required conditions to the Senior Lenders financing, subordinating the HOME Loan Deed of Trust and Assignment of Rents to the Deeds of Trust securing each Senior Lender loan as discussed herein, subject to County Counsel approval.

Impact on Residents and Businesses

The development of Pueblo Viejo Villas in the City of Coachella will have a positive impact on the citizen and businesses within the County of Riverside. The Project is expected to generate construction, permanent maintenance and property management jobs, as well as provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:


Additional Fiscal Information

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

ATTACHMENTS:

- Form of Loan Agreement for the Use of HOME funds, including all exhibits
 - Form of HOME Deed of Trust and Promissory Note
 - Form of HOME Covenant Agreement



Marcus Maltese

7/7/2020



Gregory P. Priarios, Director County Counsel

7/3/2020