

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



14.1

(MT 13429)

(1)

On motion of Supervisor Jeffries, seconded by Supervisor Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is continued to Tuesday, September 22, 2020 at 9:30 a.m. or as soon as possible thereafter.

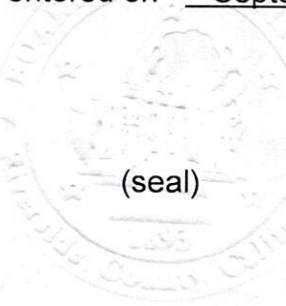
(2)

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from Counsel regarding to Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is reconsidered and continued to Tuesday, September 29, 2020 at 9:30 a.m. or as soon as possible thereafter.

Roll Call:

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

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on September 15, 2020 of Supervisors Minutes.



(seal)

WITNESS my hand and the seal of the Board of Supervisors
Dated: September 15, 2020
Kecia R. Harper, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: *Roseella Kasst* Deputy

AGENDA NO.
14.1

xc: COB

**SUBMITTAL TO THE RIVERSIDE COMMUNITY
HOUSING CORP. BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 14.1
(ID # 13429)

MEETING DATE:
Tuesday, September 15, 2020

FROM : RIVERSIDE COMMUNITY HOUSING CORP.:

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP. (RCHC): Approve the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis; District 4 [50% CARES Act, Coronavirus Relief Funds, 50% State Homekey Grant Funds - \$12,500,000] (Companion Item to MT Item #13428) (Clerk of the Board to file the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the Projects are exempt from California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3);
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC, for the acquisition of the Ivy Palm Hotel located at 2000 North Palm Canyon Drive, Palm Springs, CA, Assessor's Parcel Numbers 504-320-032, for an amount not to exceed \$8,500,000, subject to approval as to form by County Counsel, and authorize the Chief Executive Officer of Riverside Community Housing Corp., or designee, to execute a Purchase and Sale Agreement for such acquisition, and any other related documents to consummate the acquisition;


Heidi Marshall, Director, Housing, Homelessness Prevention 9/3/2020

MINUTES OF THE BOARD OF DIRECTORS

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3. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$4,250,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation (RCHC), providing a loan derived from the CARES funds in the amount of \$4,250,000 (CARES Loan), to be used to pay a portion of the acquisition and rehabilitation of Ivy Palms Hotel in the City of Palm Springs and convert it to permanent supportive housing, subject to approval as to form by County Counsel;
4. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$2,00,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation, providing a loan derived from the CARES funds in the amount of \$2,000,000 (CARES Loan), to be used to purchase 40 new manufactured housing units to be rented to farmworkers living in substandard conditions in unpermitted parks that lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems, mobile homes to be installed at Mountain View Estates in the community of Oasis, subject to approval as to form by County Counsel;
5. Authorize the Chief Executive Officer of RCHC, or designee, to execute the CARES Loan Documents and to take all necessary steps to implement the CARES Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.
6. Direct staff to file the Notice of Exemption within five days of approval by the Board.

ACTION:Policy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$12,500,000	\$ 0	\$12,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 50% County Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Funding, 50% State Homekey Grant Funds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On July 16, 2020, the Department of Housing and Community Development (HCD) published a Notice of Funding Availability (NOFA) for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.). The Homekey Program is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness impacted by COVID-19. HCD has allocated \$600 million in Homekey funding, \$550 million is derived from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is derived from the State's General Fund. Projects receiving an award from the State's direct allocation of the federal CRF must expend the funds by December 30, 2020. The portion of a Project's award associated with State's General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

The Housing Authority of the County of Riverside (HACR) and its affiliate Riverside Community Housing Corp. (RCHC) identified two potential projects that could benefit from HCD Homekey Program grant funds and submitted two separate applications to HCD for Homekey Program grant funds. We have received confirmation from HCD that a reservation of Homekey funding has been reserved for both applications. Below are brief descriptions of the proposed projects (collectively the "Projects"):

Application 1 Requested \$4,250,000 (Project Ivy Palms in Palm Springs)

Riverside Community Housing Corp. (RCHC) has negotiated the acquisition of the Ivy Palms Hotel (Hotel) for \$8,500,000, located in the City of Palm Springs for the purpose to convert it to Permanent Supportive Housing.

The 100-unit hotel is located on the edge of downtown Palm Springs, and is centrally located to transportation, medical centers, shopping, jobs, and grocery stores. Although the hotel currently has 100 rooms, the Housing Authority and RCHC envision that the ultimate number of rooms will be less in order to convert units to one-bedroom units and to incorporate kitchenettes into the units. The development also will feature a 5,000 square foot community space.

In the fall of 2020, the Housing Authority and RCHC will seek a development partner that will

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help secure the funding and entitlements for the property. Through this process the Housing Authority and RCHC will identify an architect, engineers, and other consultants that are necessary to bring the project to fruition. The Housing Authority and RCHC envision that the property will be fully entitled and secure financing in 2021, so that construction may commence in the spring of 2022. The Housing Authority commits to project base Housing Choice Vouchers on the property to assist with the development.

While the Housing Authority and RCHC are working through the entitlement process and obtaining the funding, the facility will continue to function as a hotel under Project Roomkey (or similar effort). The County of Riverside has housed more than 700 people through project Roomkey, and currently has transitioned more than 100 to permanent housing with the goal of transitioning 550 families to permanent housing. Specifically, the County of Riverside has close to one hundred people occupying hotels under Project Roomkey in the City of Palm Springs at several hotels and the County plans to relocate many of those clients to this hotel after acquisition. If Project Roomkey were to go away the County will use the hotel as a central location for clients of the Department of Public Social Services and Behavioral Health. Annually, the County of Riverside spends more than \$500,000 in the Coachella Valley on hotels.

The property will serve as an anchor institution in the community and provide a central location for the delivery of services. The County of Riverside is committed to leveraging the work of Public Health, Whole Person Care Nurses, Office on Aging, Adult Protective Services, Behavioral Health, Workforce Development, and the strong nonprofit community to leverage the acquisition to serve as a model for the rest of the County. The County of Riverside through the creation of the Housing, Homelessness Prevention, and Workforce Solutions, is seeking to breakdown silos between departments and create a comprehensive service delivery model on the property.

Application 2 Requested \$2,000,000 (40 Mobile homes in Oasis)

The HACR along with its nonprofit affiliate Riverside Community Housing Corp. (RCHC) are proposing the purchase of 40 new manufactured housing units ("Rental Units") to be installed at Mountain View Estates, a mobile home park with mobile home park spaces for rent ("Park"). RCHC and the Park owner agree to enter into an agreement to rent 40 mobile home spaces (Rental Spaces") at \$455 per month per space ("Space Rent"). The Park owner will provide property management services for the Rental Units. The Space Rent shall not exceed 35% of the area median income as established by family size. The Rental Units will be owned by Riverside Community Housing Corp. and will be leased to farmworkers living in substandard conditions in unpermitted parks that oftentimes lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems. The Eastern Coachella Valley is plagued with farmworker housing that is unsafe and unsanitary for farmworkers ("Essential Workers"). Historically, each summer there is an increase in unpermitted mobile home parks losing power due to the faulty and illegal electrical systems providing powering to the mobile home park and mobile homes. This summer alone, over 50 families living in unpermitted

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mobile home parks have been affected by power outages during times of the day when temperatures have reached over 120 degrees.

Additionally, the Coronavirus has disproportionately affected rural communities and Essential Workers, the Eastern Coachella Valley is no exception. The farmworker communities of Thermal, Mecca and Oasis have the highest per-capita rates of infection and death in the County of Riverside. The inability to socially distance, to stop working, and to qualify for benefits due to their legal resident status, continues to exacerbate the problem.

As part of the Homekey applications submitted to the State the County committed to providing County CARES matching funds on both applications so that the applications were more competitive and eligible for additional funding. For application 1 the County committed to providing \$4,250,000; and for application 2 the County committed to providing \$2,000,000.

Both applications have received reservations of Homekey funding from HCD, staff recommends that the Board approve the following attached documents memorializing the CARES Loans for the Projects for the use of CARES funds, including exhibits (CARES Loan Agreement) between the County of Riverside and Riverside Community Housing Corp., memorializing loans of \$4,250,000 and \$2,000,000, derived from CARES funds to pay a portion of the acquisition, development and construction costs for the Projects. The CARES Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Projects, the forms of which are each attached to the CARES Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Projects with concurrent 55-year terms.

The Projects have been evaluated and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption). Notwithstanding any other law, the California Environmental Quality Act ([Division 13 \(commencing with Section 21000\) of the Public Resources Code](#)) shall not apply to any project, including a phased project, funded pursuant to [Section 50675.1.1](#) if certain requirements described in Section 50675.1.2, if applicable, are satisfied. The proposed projects as described above are made pursuant to Health and Safety Code Section 50675.1.1 and any resulting agreements will be subject to the requirements of the Homekey Program and the aforementioned Health & Safety Code sections. In addition, the projects are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. Projects include the authorizing the negotiation of real property, acquisition of mobile home units to be placed and renting spaces at an existing mobile home park, and rehabilitation of existing facilities. Therefore, the projects are statutorily exempt from CEQA and exempt under State CEQA Guidelines Section 15061 (b)(3).

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Staff recommends that the Board of Directors approve the attached form the CARES Loan Agreement, including all exhibits, including, but not limited to the forms of the CARES Loan Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement.

Impact on Residents and Businesses

The Projects will allow the County to address a growing problem with housing our homeless population and providing housing to people impacted by COVID-19.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Projects will be fully funded with the County's direct allocation of Coronavirus Aid, Relief, and Economic Security Act and HCD Homekey Program funds.

Ivy Palm Hotel:

State Homekey	\$4,250,000
County CARES	<u>\$4,250,000</u>
Total Acquisition Cost	\$8,500,000

40 Mobile Homes at Mt. View:

State Homekey	\$2,000,000
County CARES	<u>\$2,000,000</u>
Total Acquisition Cost	\$4,000,000

ATTACHMENTS:

- Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC
- Form of Loan Agreement for the Use of CARES funds, including all exhibits
- Form of CARES Deed of Trust and Promissory Note
- Form of CARES Covenant Agreement
- Notice of Exemption



Marcus Maltese

9/10/2020



Gregory F. Priamos, Director County Counsel

9/10/2020