

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



ITEM: 3.31
(ID # 18001)

MEETING DATE:

Tuesday, January 25, 2022


FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2022-027, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Courtyards at Cottonwood II Apartments Housing Project, and Approval of Up to \$3,000,000 from Permanent Local Housing Allocation (PLHA) Funds to Courtyards at Cottonwood II, L.P. for the Courtyards at Cottonwood II Apartments Housing Project, in the City of Moreno Valley, District 5. [\$3,000,000 - 100% Permanent Local Housing Allocation (PLHA) funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2022-027, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Courtyards at Cottonwood II Apartments Housing Project; and
2. Approve up to \$3,000,000 from Permanent Local Housing Allocation (PLHA) funds to Courtyards at Cottonwood II, L.P. for the Courtyards at Cottonwood II Apartments Housing Project, in the City of Moreno Valley, subject to the conditions set forth in Resolution No. 2022-027.

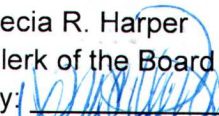
ACTION:Policy


Heidi Marshall, Director 1/10/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel seconded by Supervisor Washington 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: January 25, 2022
xc: HWS

Kecia 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	\$3,000,000	\$ 0	\$3,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation (PLHA) Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	2021/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Rancho Belago Developers, a California Corporation and an affordable housing developer (Developer) has applied to the County of Riverside (County) for Permanent Local Housing Allocation (PLHA) funding in the amount of \$3,000,000 to pay a portion of the costs to develop and construct the Courtyards at Cottonwood II Apartments, a second phase affordable multifamily low-income housing project (Proposed Project). The Proposed Project will be owned and operated by Courtyards at Cottonwood II, L.P., a California limited partnership formed by Developer as the limited partner. The Proposed Project will be developed on 1.61 acres located at the corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Number 482-161-021 (Property). The Proposed Project will consist of 32 affordable units comprised of 2, two-story buildings including 16, two-bedroom units, 12, three-bedroom units and 4, four-bedroom units. Under the County's PLHA program, 15 units will be restricted to households whose incomes do not exceed 80% of the area median income and 3 units will be restricted to individual households whose incomes do not exceed 50% of the area median income for the County of Riverside.

The Proposed Project has a funding gap of \$3,000,000 and Developer applied to the County requesting assistance in the form of PLHA funds. Other financing sources for the Proposed Project are anticipated to include \$6,062,471 in bond and tax credit proceeds, \$4,957,189 from Citi Community Capital Financing, \$568,988 in land contribution and waived fees from the City of Moreno Valley, and \$286,461 in deferred developer fees. The total cost of development, during the permanent financing period, is approximately \$14,875,109.

The Building Homes and Jobs Act, included as part of Senate Bill (SB) 2 (Chapter 364, Statutes of 2017), established the PLHA Program which was designed to provide a permanent source of funding to local governments in California to help cities and counties implement plans to increase the affordable housing stock. The City of Moreno Valley was allocated \$ 1,029,809 by formula determination for 2019 by the California Department of Housing and Community Development. The County has an allocation of \$3,996,171. The City delegated its allocation to the County pursuant to an agreement dated June 26, 2020.

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

In order to complete the California Tax Credit Allocation Committee (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. 2022-027 provides Board support for the Proposed Project and recommends an allocation of up to \$3,000,000 in PLHA funds to be used as a loan to Developer to pay a portion of the development and construction costs for the Proposed Project. Staff recommends that the allocation of the PLHA funds be valid until December 31, 2022.

The attached proposed Resolution 2022-027 allocates up to \$3,000,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2022-027, 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 (CEQA);
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 PLHA Program approved by the Board of Supervisors and approved as to form by County Counsel.

Staff recommends that the Board adopt Resolution No. 2022-027. County Counsel has reviewed and approved the attached Resolution No. 2022-027 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 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 Permanent Local Housing Allocation (PLHA) funds.

Attachment:

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

- Resolution No. 2022-027


Brianna Lontajo, Principal Management Analyst

1/18/2022


Gregory V. Priamos, Director County Counsel

1/12/2022

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

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RESOLUTION 2022-027

**APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR
LOW-INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT
ALLOCATION COMMITTEE FOR THE VINE CREEK APARTMENTS HOUSING
PROJECT**

WHEREAS, the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County"), is the recipient of funds derived from the Permanent Local Housing Allocation ("PLHA") Program which was enacted under the Building Homes and Jobs Act, included as part of California Senate Bill (SB) 2 (Chapter 364, Statutes of 2017); and

WHEREAS, the PLHA Program was designed to provide a permanent source of funding to local governments in California to help cities and counties implement plans to increase the affordable housing stock; and

WHEREAS, Rancho Belago Developers, Inc., a California corporation and an affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project, Courtyards at Cottonwood II Apartments, for low-income family households consisting of thirty-two (32) affordable rental units ("Project") on approximately 1.61 acres of vacant land located at the corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Number 482-161-021 ("Property"); and

WHEREAS, a total of 15 units will be restricted under PLHA of which 12 units will be restricted to households whose incomes do not exceed 80% of the area median income and three units will be restricted to individuals households whose incomes do not exceed 50% of the area median income for the County of Riverside; and

WHEREAS, Developer submitted an application to County requesting financial assistance in the amount of \$3,000,000 in PLHA funds ("County Allocation"). The County Allocation is needed to fill an existing Project financing gap in the amount of \$3,000,000; and

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 2022-027
Courtyards at Cottonwood II Apartments*

FORM APPROVED COUNTY COUNSEL
BY:  AMRIT P. PHILLON
DATE: 1/12/2022

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1 program to issue the debt; and

2 **WHEREAS**, the California Tax Credit Allocation Committee (“TCAC”) facilitates the
3 investment of private capital into the development of affordable rental housing for low-income
4 households through the allocation of federal and state tax credits to affordable housing
5 developers; and

6 **WHEREAS**, TCAC allocates low-income housing tax credits to eligible affordable
7 housing projects that receive an award of bond authority from CDLAC to raise project equity
8 through the sale of tax benefits to investors; and

9 **WHEREAS**, as limited partner of Courtyards at Cottonwood II, L.P., a California limited
10 partnership, Developer intends to submit an application to CDLAC for bond authority and the
11 right to apply for non-competitive low-income housing tax credits, the sales proceeds of which
12 will be used to finance the development and construction of the Project; and

13 **WHEREAS**, the application deadline to be considered for bond authority through
14 CDLAC for right to apply for allocation of tax credits through TCAC is February 3, 2022; and

15 **WHEREAS**, corporations provide equity to build the projects in return for the tax credits
16 in which TCAC verifies that the developers have met all the requirements of the program and
17 ensures the continued affordability and habitability of the developments for the succeeding 55
18 years; and

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

21 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
22 amount of \$3,000,000 PLHA funds, to be used to pay a portion of the costs to develop and
23 construct the Project on the Property, subject to Developer’s satisfaction of certain conditions
24 precedent for the benefit of the County;

25 **WHEREAS**, the County desires to support the Developer’s application to TCAC for an
26 allocation of low-income housing tax credits.

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1 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
2 **ORDERED** by the Board of Supervisors of the County of Riverside (“Board”), in regular
3 session assembled on January 25, 2022, in the meeting room of the Board of Supervisors located
4 on the 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside, California,
5 as follows:

- 6 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
7 and correct and incorporated as though set forth herein.
- 8 2) The Board of Supervisors supports the Developer’s application to TCAC for an
9 allocation of low-income housing tax credits, the sale proceeds of which will be used to
10 finance the development and construction of a multi-family affordable rental housing
11 project, Courtyards at Cottonwood II Apartments, consisting of 32 total units, on real
12 property located on approximately 1.61 acres of vacant land located at the corner of
13 Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of
14 Riverside, State of California, identified as Assessor’s Parcel Number 482-161-021.
- 15 3) Subject to any restrictions on the use PLHA funds, the Board of Supervisors agree to
16 provide financial assistance to the Developer in the maximum amount of \$3,000,000 of
17 PLHA funds, for construction of eligible activities on the Project, subject to the
18 satisfaction of the following conditions precedent:
 - 19 a. Borrower shall be Rancho Belago Developers, Inc., a California corporation and
20 an affordable housing developer, or as limited partner of Courtyards at
21 Cottonwood II, L.P., a California Limited Partnership, a limited partnership
22 created by Rancho Belago Developers, Inc. for the specific purpose of selling tax
23 credits and developing, constructing, and owning the Project;
 - 24 b. Project Name shall be Courtyards at Cottonwood II Apartments;
 - 25 c. PLHA Loan Amount shall not to exceed Three Million Dollars (\$3,000,000);
 - 26 d. Interest shall be one percent (1%) simple interest;

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- 1 e. Affordability Period shall be 55 years from recordation of the Notice of
2 Completion in the official records of the County of Riverside, subject to an
3 affordability covenant agreement;
- 4 f. PLHA Loan Term shall be 55 years;
- 5 g. Repayment shall be from loan payments derived from the Project's residual
6 receipts;
- 7 h. Entitlements and Governmental Approvals: Developer shall secure any and all
8 required land use entitlements, permits and approvals which may be required for
9 construction of the Project, including, but not limited to compliance with the
10 California Environmental Quality Act;
- 11 i. Other Financing: The PLHA loan is expressly conditioned upon the Developer's
12 ability to secure sufficient equity capital or firm and binding commitments for
13 financing necessary to undertake the development and construction of the Project.
14 All financing contemplated or projected with respect to the Project shall be, or
15 have been, approved in form and substance by the Board of Supervisors. Other
16 financing sources for the Proposed Project are anticipated to include \$6,062,471
17 in bond and tax credit proceeds, \$4,957,189 from Citi Community Capital
18 Financing, \$568,988 in land contribution and waived fees from the City of
19 Moreno Valley, and \$286,461 in deferred developer fees. The total cost of
20 development, during the permanent financing period, is approximately
21 \$14,875,109;
- 22 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
23 the amount of \$3,200. Monitoring fee to be adjusted annually, not to exceed an
24 increase in the Consumer Price Index (CPI); and
- 25 k. Successful negotiation of loan agreements evidencing the loan of the PLHA funds
26 in the amounts approved herein, approved as to form by County Counsel,
27 approved by the Board of Supervisors and executed by all required parties.

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1 4) The Board of Supervisors' commitment to provide the PLHA loan is subject to the
2 satisfaction of the conditions precedent set forth herein, is valid until December 31, 2022,
3 and shall thereafter have no force or effect, unless a PLHA loan agreement related to the
4 financing of the Project (approved as to form by County Counsel) has been approved and
5 executed by the Board of Supervisors and the Developer.

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8 ROLL CALL:

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

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

14 Kecia R. Harper, Clerk of said Board

15 By 
16 Deputy

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