

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



ITEM: 3.30
(ID # 20851)

MEETING DATE:
Tuesday, January 24, 2023

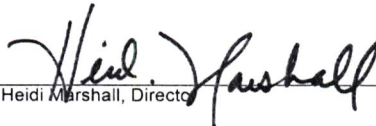
FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2023-017, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and Support for Application for Award of Private Activity Bonds to the California Debt Limit Allocation Committee for the Avenue 44 Apartments Housing Project Located in the City of Indio, and Approval of Up to \$2,000,000 from Permanent Local Housing Allocation (PLHA) Funds to Pacific West Communities, Inc. for the Avenue 44 Apartments Housing Project, District 4. [\$2,000,000 - 100% Permanent Local Housing Allocation (PLHA) funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2023-017, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and Support for Application for Award of Private Activity Bonds to the California Debt Limit Allocation Committee for the Avenue 44 Apartments Housing Project Located in the City of Indio; and
2. Approve up to \$2,000,000 from Permanent Local Housing Allocation (PLHA) funds to Pacific West Communities, Inc. for the Avenue 44 Apartments Housing Project, subject to the conditions set forth in Resolution No. 2023-017.


ACTION:Policy


Heidi Marshall, Director 12/20/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, 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 Gutierrez
Nays: None
Absent: None
Date: January 24, 2023
xc: HWS

Kimberly Rector
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	\$2,000,000	\$ 0	\$2,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation (PLHA) Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	22/23

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Pacific West Communities, Inc., an Idaho corporation registered to do business in the State of California 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 \$2,000,000 to pay a portion of the costs to develop and construct the Avenue 44 Apartments, an affordable multifamily low-income housing project (Proposed Project). The Proposed Project will be owned and operated by Developer or its affiliate. The Proposed Project will be developed on 6.06 acres located at the northeast corner of Avenue 44 and Golf Center Parkway, in the City of Indio, County of Riverside, State of California, identified as Assessor's Parcel Numbers 692-060-019 and 692-060-020 (Property). The Proposed Project will consist of 180 affordable units comprised of 8, three-story buildings including 87 one-bedroom units, 48 two-bedroom units, and 45 three-bedroom units. Under the County's PLHA program, a total of eighty-seven (87) units will be restricted under the PLHA Program of which sixty-nine (69) units will be restricted to individuals whose incomes do not exceed 80% of the area median income, of those units 20%, or eighteen (18) units, will be restricted to 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 \$2,000,000 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 \$4,261,749 in bond and tax credit proceeds, \$37,000,000 from Citi Community Capital Financing, \$2,471,850 loan by the city of Indio, and \$8,591,908 in deferred developer fees. The total cost of development, during the permanent financing period, is approximately \$69,598,304.

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 Indio has an estimated funding amount of \$2,735,772 for Allocation Years 2019-2023 by formula determination from the California Department of Housing and Community Development. The County has an estimated funding amount of \$23,977,026 for Allocation Years 2019-2023. The City delegated its allocation to the

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

County pursuant to an agreement dated June 17, 2020.

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. 2023-017 provides Board support for the Proposed Project and recommends an allocation of up to \$2,000,000 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 January 31, 2024.

The attached proposed Resolution No. 2023-017 allocates up to \$2,000,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution No. 2023-017, 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. 2023-017. County Counsel has reviewed and approved as to form, the attached Resolution No. 2023-017.

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. 2023-017


Brianna Lontajo, Principal Management Analyst 1/18/2023


Kristine Bell-Valdez, Supervising Deputy County Counsel 1/9/2023

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2023-017

APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR LOW-INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE AND SUPPORT FOR APPLICATION FOR AWARD OF PRIVATE ACTIVITY BONDS TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR THE AVENUE 44 APARTMENTS PROJECT LOCATED IN THE CITY OF INDIO

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, the State of California (the “State”), Department of Housing and Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”), dated February 26, 2020, to provide approximately \$195,000,000 under the PLHA Program through its Entitlement and Non-entitlement Local Government Formula Component from the Fund for assistance to local governments pursuant to California Health & Safety Code (“HSC”) Section 50470 et seq. and SB 2 (Chapter 364, Statutes of 2017) (the “PLHA Statutes”); and

WHEREAS, to implement the PLHA Program, HCD adopted and issued the HCD 2019 PLHA Final Guidelines (“Guidelines” or “PLHA Guidelines”); and

WHEREAS, the County is an eligible local government for the program to administer one or more eligible activities, including on behalf of other local governments that have delegated County to submit an application and administer their PLHA formula allocations; and

WHEREAS, HSC Section 50470 authorizes the HCD to allocate moneys collected and deposited in the Fund for the PLHA Program, with 90 percent of PLHA funds to local governments, and to adopt Guidelines to implement the PLHA Program; and

WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that

RESOLUTION NUMBER NO. 2023-017
Avenue 44 Apartments

JAN 24 2023 3.30

FORM APPROVED COUNTY SUPERVISOR
BY: AMRHP DMILLON
DATE: 1/4/2023

1 certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, D, C and E
2 (collectively, the “PLHA Standard Agreement for County’s Allocation”), which allocates PLHA
3 funding to the County for use in the County in the estimated funding amount of \$23,977,026 for
4 Allocation Years 2019-2023; and

5 **WHEREAS**, pursuant to Section 300(c) of the PLHA Guidelines, a local government
6 may delegate to another local government to submit an application and administer the formula
7 component of PLHA funds on its behalf, provided the local governments enter into an agreement
8 and the funds are expended for eligible activities consistent with program requirements; and

9 **WHEREAS**, consistent with PLHA Guidelines, City of Indio, a California municipal
10 corporation (“City”), delegated to County the responsibility for submitting an application for
11 administering its formula component for Allocation Years 2019-2023 (“City’s Allocations”) in
12 the estimated funding amount of \$2,735,772; and

13 **WHEREAS**, pursuant to the PLHA Program, the County and HCD entered into that
14 certain Standard Agreement dated April 20th, 2021, including Exhibits A, B, C, D and E
15 (collectively, the “PLHA Standard Agreement for City’s Allocation”), which allocates PLHA
16 funding to the County for use in the City; and

17 **WHEREAS**, in connection therewith, City and County entered in that certain Agreement
18 for the PLHA Program under the California HCD for Allocation Years 2019-2023 dated June 17,
19 2020 (the “County and City PLHA Agreement”), which provides for the use of PLHA Funds by
20 the County within the City to increase the affordable housing stock within the City; and

21 **WHEREAS**, the PLHA Statutes, the Guidelines, the NOFA, PLHA Standard Agreement
22 for County’s Allocation, PLHA Standard Agreement for City’s Allocation, County and City
23 PLHA Agreement and all applicable rules and regulations imposed by HCD on PLHA funding
24 recipients shall collectively be referred to herein as the “PLHA Program”; and

25 **WHEREAS**, Pacific West Communities, Inc., an Idaho corporation registered to do
26 business in the State of California and an affordable housing developer (“Developer”), proposes
27 to develop and construct a multi-family affordable rental housing project, Avenue 44
28 Apartments, for low-income family households consisting of one hundred eighty (180)

1 affordable rental units (“Project”) on approximately 6.06 acres of vacant land located at the
2 northeast corner of Avenue 44 and Golf Center Parkway, in the City of Indio, County of
3 Riverside, State of California, more specifically identified as Assessor’s Parcel Numbers 692-
4 060-019 and 692-060-020 (“Property”); and

5 **WHEREAS**, a total of eighty seven (87) units will be restricted under the PLHA
6 Program of which sixty nine (69) units will be restricted to individuals whose incomes do not
7 exceed 80% of the area median income, of those units 20%, or eighteen (18) units, will be
8 restricted to households whose incomes do not exceed 50% of the area median income for the
9 County of Riverside; and

10 **WHEREAS**, Developer submitted an application to County requesting financial
11 assistance in the amount of \$2,000,000 in PLHA funds (“County Allocation”). The County
12 Allocation is needed to fill an existing Project financing gap in the amount of \$2,000,000; and

13 **WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) was created
14 to set and allocate California’s annual debt ceiling, and administer the State’s tax-exempt bond
15 program to issue the debt; and

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

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

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

26 **WHEREAS**, the application deadline to be considered for bond authority through
27 CDLAC for right to apply for allocation of tax credits through TCAC is February 7, 2023; and

28 **WHEREAS**, corporations provide equity to build the projects in return for the tax credits

1 in which TCAC verifies that the developers have met all the requirements of the program and
2 ensures the continued affordability and habitability of the developments for the succeeding fifty
3 five (55) years; and

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

6 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
7 amount of \$2,000,000 PLHA funds, to be used to pay a portion of the costs to develop and
8 construct the Project on the Property, subject to Developer's satisfaction of certain conditions
9 precedent for the benefit of the County;

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

12
13 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
14 **ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), in regular
15 session assembled on January 24, 2023 at 9:30 am, in the meeting room of the Board of
16 Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street,
17 Riverside, California, as follows:

- 18 1) That the Board hereby finds and declares that the above recitals are true and correct and
19 incorporated as though set forth herein.
- 20 2) The Board supports the Developer's applications to TCAC for an allocation of low-
21 income housing tax credits and CDLAC for an award of private activity bonds, the sale
22 proceeds of which will be used to finance the development and construction of a multi-
23 family affordable rental housing project, Avenue 44 Apartments, consisting of 180 total
24 units, on real property located on approximately 6.06 acres of vacant land located at the
25 northeast corner of Avenue 44 and Golf Center Parkway, in the City of Indio, County of
26 Riverside, State of California, identified as Assessor's Parcel Numbers 692-060-019 and
27 692-060-020.

1 3) Subject to any restrictions on the use PLHA funds, the Board agree to provide financial
2 assistance to the Developer in the maximum amount of \$2,000,000 of PLHA funds, for
3 construction of eligible activities on the Project, subject to the satisfaction of the
4 following conditions precedent:

- 5 a. Borrower: a to-be-formed limited partnership in which Pacific West
6 Communities, Inc., an Idaho corporation registered to do business in the State of
7 California is an affordable housing developer or a single purpose entity affiliate of
8 Pacific West Communities, Inc., is a general partner, formed for developing,
9 constructing, and owning the Project for the specific purpose of selling tax credits
10 and developing, constructing, and owning the Project;
- 11 b. Project Name shall be Avenue 44 Apartments;
- 12 c. PLHA Loan Amount shall not to exceed Two Million Dollars (\$2,000,000);
- 13 d. Interest shall be three percent (3%) simple interest;
- 14 e. Affordability Period shall be 55 years from recordation of the Notice of
15 Completion in the official records of the County of Riverside, subject to an
16 affordability covenant agreement;
- 17 f. PLHA Loan Term shall be 55 years;
- 18 g. Repayment shall be from loan payments derived from the Project's residual
19 receipts;
- 20 h. Entitlements and Governmental Approvals: Developer shall secure any and all
21 required land use entitlements, permits and approvals which may be required for
22 construction of the Project, including, but not limited to compliance with the
23 California Environmental Quality Act;
- 24 i. Other Financing: The PLHA loan is expressly conditioned upon the Developer's
25 ability to secure sufficient equity capital or firm and binding commitments for
26 financing necessary to undertake the development and construction of the Project.
27 All financing contemplated or projected with respect to the Project shall be, or
28 have been, approved in form and substance by the Board. Other financing sources

1 for the Project are anticipated to include \$4,261,749 in bond and tax credit
2 proceeds, \$37,000,000 from Citi Community Capital Financing, \$2,471,850 loan
3 by the city of Indio, and \$8,591,908 in deferred developer fees. The total cost of
4 development during the permanent financing period is approximately
5 \$69,598,304;

6 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
7 the amount of \$18,000. Monitoring fee to be adjusted annually, not to exceed an
8 increase in the Consumer Price Index (CPI); and

9 k. Successful negotiation of loan agreements evidencing the loan of the PLHA funds
10 in the amounts approved herein, approved as to form by County Counsel,
11 approved by the Board and executed by all required parties.

12 4) The Board's commitment to provide the PLHA loan is subject to the satisfaction of the
13 conditions precedent set forth herein, is valid until January 31, 2024, and shall thereafter
14 have no force or effect, unless a PLHA loan agreement related to the financing of the
15 Project (approved as to form by County Counsel) has been approved and executed by the
16 Board and the Developer.

17 //

18 //

19 ROLL CALL:

20 Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez

21 Nays: None

22 Absent: None

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

25 KIMBERLY A. RECTOR, Clerk of said Board

26 By: 
27 Deputy

28 01.24.2023 3.30

RESOLUTION NUMBER NO. 2023-017
Avenue 44 Apartments