

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



ITEM: 3.31
(ID # 20966)

MEETING DATE:

Tuesday, January 24, 2023


FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2023-040, 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 Kensington Apartments Housing Project, and Approval of Up to \$2,500,000 from Permanent Local Housing Allocation (PLHA) Funds to Murrieta Pacific Associates, a California limited partnership, for the Kensington Apartments Housing Project, in the City of Murrieta; District 3. [\$2,500,000 - 100% Permanent Local Housing Allocation (PLHA) funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2023-040, 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 Kensington Apartments Project in the City of Murrieta; and
2. Approve up to \$2,500,000 from Permanent Local Housing Allocation (PLHA) funds to Murrieta Pacific Associates, a California Limited Partnership, for the Kensington Apartments Housing Project in the City of Murrieta subject to the conditions set forth in Resolution No. 2023-040.

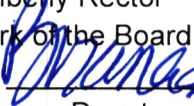
ACTION:Policy


Heidi Marshall, Director 1/11/2023

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	\$2,500,000	\$ 0	\$2,500,000	\$ 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 (Developer), has applied to the County of Riverside (County) for Permanent Local Housing Allocation (PLHA) funding in the amount of \$2,500,000 to pay a portion of the costs to develop and construct the Kensington Apartments, an affordable multifamily low-income housing project (Proposed Project). The Proposed Project will be owned and operated by Murrieta Pacific Associates, a California limited partnership. The Proposed Project is located on 4.7 acres located at Washington Avenue and Nighthawk Way, in the City of Murrieta, identified as Assessor's Parcel Number 906-780-004 (Property). The Proposed Project will consist of 124 affordable rental units within five, three-story buildings including 48 one-bedrooms units, 42 two-bedroom units, and 36 three-bedroom units. In addition, 2 two-bedroom units will be set aside for on-site resident managers. Under the County's PLHA program, no more than 49 percent of the rental units or 60 units will be restricted to households whose incomes do not exceed 80% of the area median income. Of those units, 20 percent or 12 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 \$2,500,000 and the Developer applied to the County requesting assistance in the form of PLHA funds. Other construction financing sources for the Proposed Project are anticipated to include \$26,000,000 in tax exempt bonds, \$9,563,932 in taxable bonds, \$3,104,316 in tax credit financing, \$604,213 in deferred costs, \$5,885,697 in deferred developer fees and \$822,500 in Transportation Uniform Mitigation Fee (TUMF) waivers. Upon conversion to permanent financing, sources for the Proposed Project include \$31,043,158 in tax credit financing, \$11,200,000 in tax-exempt bonds, \$2,915,000 in deferred developer fees, \$2,500,000 loan from County PLHA funds and \$822,500 in TUMF waivers. The total cost of development is approximately \$48,480,658.

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

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

increase the affordable housing stock.

In order to complete the California Debt Limit Allocation Committee (CDLAC) application for award of private activity bonds and California Tax Credit Allocation Committee (TCAC) application for an allocation of tax credits, the Developer must provide a resolution from the local jurisdiction providing support for the Proposed Project.

The attached proposed Resolution No. 2023-040 provides Board support for the Proposed Project and recommends an allocation of up to \$2,500,000 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. 2023-040 allocates up to \$2,500,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution No. 2023-040, 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. 2023-040. County Counsel has reviewed and approved the attached Resolution No. 2023-040 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.

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Attachment:

- Resolution No. 2023-040


Brianna Lontajo, Principal Management Analyst 1/18/2023


Kristine Bell-Valdez, Supervising Deputy County Counsel 1/13/2023

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

**RESOLUTION NO. 2023-040
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 KENSINGTON APARTMENTS PROJECT IN THE CITY OF
MURRIETA**

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 and 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 2023-040
Kensington Apartments, City of Murrieta*

FORM APPROVED COUNTY COUNSEL
BY: AMRIT P. CHILLON DATE: 1/12/2023

JAN 24 2023 3.31

1 certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, C, D 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**, the PLHA Statutes, Guidelines, NOFA, PLHA Standard Agreement for
6 County’s Allocation and all applicable rules and regulations imposed by HCD on PLHA funding
7 recipients shall collectively be referred to herein as the “PLHA Program”; and

8 **WHEREAS**, Pacific West Communities, Inc., an Idaho Corporation registered to do
9 business in the State of California and an affordable housing developer (“Developer”), proposes
10 to develop and construct a multi-family affordable rental housing project, Kensington
11 Apartments, for low-income family households consisting of one hundred twenty-four (124)
12 affordable rental units (“Project”) on approximately 4.7 acres of vacant land located at
13 Washington Avenue and Nighthawk Way, in the City of Murrieta, County of Riverside, State of
14 California, identified as Assessor’s Parcel Number 906-780-004 (“Property”); and

15 **WHEREAS**, a total of 60 units will be restricted under PLHA to households whose
16 incomes do not exceed 80% of the area median income. Of those, 12 units will be restricted to
17 individuals households whose incomes do not exceed 50% of the area median income for the
18 County of Riverside; and

19 **WHEREAS**, Developer submitted an application to County requesting financial
20 assistance in the amount of \$2,500,000 in PLHA funds (“County Allocation”). The County
21 Allocation is needed to fill an existing Project financing gap in the amount of \$2,500,000; and

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

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

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

4 **WHEREAS**, Developer intends to submit an application as Administrative General
5 Partner to Murrieta Pacific Associates, a California limited partnership, to CDLAC for bond
6 authority and the right to apply for non-competitive low-income housing tax credits, the sales
7 proceeds of which will be used to finance the development and construction of the Project; and

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

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

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

16 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
17 amount of \$2,500,000 PLHA funds, to be used to pay a portion of the costs to develop and
18 construct the Project on the Property, subject to Developer's satisfaction of certain conditions
19 precedent for the benefit of the County; and

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

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

- 27 1) That the Board hereby finds and declares that the above recitals are true and correct and
28 incorporated as though set forth herein.

- 1 2) The Board supports Murrieta Pacific Associates application to TCAC for an allocation
2 of low-income housing tax credits, the sale proceeds of which will be used to finance the
3 development and construction of a multi-family affordable rental housing project,
4 Kensington Apartments, consisting of 124 affordable rental units, on real property
5 located on approximately 4.7 acres of vacant land located at Washington Avenue and
6 Nighthawk Way, in the City of Murrieta, County of Riverside, State of California,
7 identified as Assessor's Parcel Number 906-780-004.
- 8 3) Subject to any restrictions on the use PLHA funds, the Board of Supervisors agree to
9 provide financial assistance to the Developer in the maximum amount of \$2,500,000 of
10 PLHA funds, for construction of eligible activities on the Project, subject to the
11 satisfaction of the following conditions precedent:
- 12 a. Borrower shall be Murrieta Pacific Associates, a California limited partnership,
13 for the specific purpose of selling tax credits and developing, constructing, and
14 owning the Project;
 - 15 b. Project Name shall be Kensington Apartments.
 - 16 c. PLHA Loan Amount shall not to exceed Two Million Five Hundred Thousands
17 Dollars (\$2,500,000);
 - 18 d. Interest shall be three percent (3%) simple interest;
 - 19 e. Affordability Period shall be 55 years from recordation of the Notice of
20 Completion in the official records of the County of Riverside, subject to an
21 affordability covenant agreement recorded in senior lien position to all deeds of
22 trust;
 - 23 f. PLHA Loan Term shall be 55 years;
 - 24 g. Repayment shall be from loan payments derived from the Project's residual
25 receipts;
 - 26 h. Entitlements and Governmental Approvals: Developer shall secure any and all
27 required land use entitlements, permits and approvals which may be required for
28 construction of the Project, including, but not limited to compliance with the

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California Environmental Quality Act;

i. Other Financing: The PLHA loan is expressly conditioned upon the Developer’s ability to secure sufficient equity capital or firm and binding commitments for financing necessary to undertake the development and construction of the Project. All financing contemplated or projected with respect to the Project shall be, or have been, approved in form and substance by the Board of Supervisors. Other construction financing sources for the Project are anticipated to include \$26,000,000 in tax exempt bonds, \$9,563,932 in taxable bonds, \$3,104,316 in tax credit financing, \$604,213 in deferred costs, \$5,885,697 in deferred developer fees and \$822,500 in TUMF waivers. Upon conversion to permanent financing, sources for the Project include \$31,043,158 in tax credit financing, \$11,200,000 in tax-exempt bonds, \$2,915,000 in deferred developer fees, \$2,500,000 loan from County PLHA funds and \$822,500 in TUMF waivers. The total cost of development is approximately \$48,480,658;

j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in the amount of \$12,400. Monitoring fee shall increase annually by an amount equal to the increase of the Consumer Price Index for the San Bernardino-Riverside-Ontario, CA area (“CPI”), but in no event to exceed 5% annually. In the event of a decrease in CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease; and

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

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

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3 RESOLUTION NO. 2023-040

4 APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR LOW-
5 INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION
6 COMMITTEE AND SUPPORT FOR APPLICATION FOR AWARD OF PRIVATE ACTIVITY
7 BONDS TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR THE
8 KENSINGTON APARTMENTS PROJECT IN THE CITY OF MURRIETA

9
10 ROLL CALL:

11
12 Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez

13 Nays: None

14 Absent: None

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16
17 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of
18 Supervisors on the date therein set forth.

19
20 KIMBERLY A. RECTOR, Clerk of said Board

21
22 By: 
23 Deputy