

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



**ITEM: 3.9**  
**(ID # 21017)**

**MEETING DATE:**

Tuesday, January 31, 2023


**FROM :** HOUSING AND WORKFORCE SOLUTIONS:

**SUBJECT:** HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2023-049, 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 Palm Villas at Millennium Housing Project, and Approval of Up to \$6,700,000 from American Rescue Plan Act (ARPA) Funds to Palm Communities, a California corporation, for the Palm Villas at Millennium Housing Project, in the City of Palm Desert; District 4. [\$6,700,000 – 100% American Rescue Plan (ARPA) Funds]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt Resolution No. 2023-049, 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 Palm Villas at Millennium Housing Project, in the City of Palm Desert; and
2. Approve \$6,700,000 from American Rescue Plan Act (ARPA) funds to Palm Communities, a California corporation and affordable housing developer, for the Palm Villas at Millennium Housing Project, subject to the conditions set forth in Resolution No. 2023-049.

**ACTION:Policy**

  
Heidi Marshall, Director 1/11/2023

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Washington, seconded by Supervisor Gutierrez 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 31, 2023  
xc: HWS

Kimberly Rector  
Clerk of the Board

By:   
Deputy

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$6,700,000	\$6,700,000	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> American Rescue Plan Act (ARPA) Funds (100%)			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	22/23 - 23/24

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

On October 19, 2021 (Minute Order 3.5), the Board of Supervisors allocated \$50,000,000 in ARPA funds for the purpose of addressing housing and homelessness through the development of affordable housing and sheltering programs. The \$50,000,000 Board allocation was equally distributed to all five supervisorial districts. Of this first ARPA allocation, \$2,260,000 is the remaining amount for District 4 that will be allocated to fund the Palm Villas at Millennium Housing Project. On October 4, 2022 (Minute Order 3.44), the Board approved the second installment allocation of ARPA funding. Of this second ARPA allocation, \$33,000,000 was equally distributed to each district. The remaining amount of \$4,440,000 needed for this Project will come from the second installment allocation. The funding allocated by the Board was the State and Local Fiscal Recovery Funds (SLFRF) that the County was allocated as part of the American Rescue Plan Act (ARPA) of 2021 (Pub. L 117-2). These ARPA funds are to focus on projects and/or programs that serve as a pathway to create affordable housing with necessary supporting infrastructure to assist low-income communities disproportionately affected by the COVID-19 pandemic. One of the eligible uses of ARPA funds include the increase in the supply of permanent supportive housing which is critical to addressing homelessness.

Palm Communities, a California corporation and affordable housing developer (Developer), has applied to the County of Riverside (County) for ARPA funding in the amount up to \$6,700,000 to pay a portion of the costs to develop and construct the Palm Villas at Millennium Housing Project, a two phase, 241-unit affordable multifamily low-income housing project (Proposed Projects). The Proposed Projects will be owned and operated by a California limited partnerships to be formed. The Proposed Projects are located on 10.49 acres of land located at the north side of Gerald Ford Drive between Cook Street & Dinah Shore Drive, in the City of Palm Desert, identified as Assessor's Parcel Number 694-120-028 (Property) which will be subdivided into two parcels, one for each phase. The Proposed Project will consist of two phases. Phase I will consist of 120 affordable rental units within 5 three-story buildings including 15 one-bedroom units, 75 two-bedroom units, and 30 three-bedroom units. In addition, 1 three-bedroom unit will be set aside for an on-site resident manager. Phase II will consist of 119 affordable rental units within 5 three-story buildings, including 15 one-bedroom units, 75 two-bedroom units, and 29 three-bedroom units. In addition, 1 three-bedroom unit will be set aside



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for an on-site resident manager. Under the County's ARPA program, for each phase of development 49% of the rental units will be restricted to households whose incomes do not exceed 60% of the area median income. Of those units, 25% of the units will be restricted to households whose incomes do not exceed 30% of the area median income for the County of Riverside.

The Proposed Project has a funding gap of \$6,700,000 with a minimum amount of \$5,000,000 allocated for Phase I and the balance for Phase II and the Developer applied to the County requesting assistance in the form of ARPA funds. Other construction financing sources for the Proposed Project are anticipated to include \$45,049,622 bank loan, \$4,300,000 city loan, \$796,180 Transportation Uniform Mitigation Fee (TUMF) waiver, \$5,271,671 in deferred costs and \$8,946,325 in tax credit equity. Upon conversion to permanent financing, sources for the Proposed Project include \$12,327,596 bank loan, \$4,300,000 city loan, \$796,180 TUMF waiver, \$2,208,398 in deferred developer fees and \$44,731,623 in tax credit equity. The total cost of development is approximately \$71,063,797.

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. 2023-049 provides Board support for the Proposed Project and recommends an allocation of up to \$6,700,000 in ARPA 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 2023-049 allocates up to \$6,700,000 in ARPA funds to the Proposed Projects with a minimum amount of \$5,000,000 allocated for Phase I and the balance for Phase II. The ARPA Funds shall be encumbered and spent down in compliance with all ARPA regulations subject to Developer's satisfaction of the conditions for each phase specifically set forth in the attached Resolution 2023-049, 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 ARPA Program approved by the Board of Supervisors and approved as to form by County Counsel.

Staff recommends that the Board adopt Resolution No. 2023-049. County Counsel has

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reviewed and approved the attached Resolution No. 2023-049 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 American Rescue Plan Act (ARPA) funds.

**Attachment:**

- Resolution No. 2023-049

  
Brianna Lontajo, Principal Management Analyst 1/26/2023

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

**BOARD OF SUPERVISORS**

**COUNTY OF RIVERSIDE**

**RESOLUTION NO. 2023-049**

**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 PALM VILLAS AT MILLENNIUM PHASE I PROJECT IN  
THE CITY OF PALM DESERT**

**WHEREAS**, on March 11, 2021, the American Rescue Plan Act (Pub. L. 117-2) (Title VI of the Social Security Act Section 602 et seq.), hereinafter "ARPA", was signed into law providing federal funding relief for American workers, families, industries, and state and local governments to address the negative economic impacts of the COVID-19 pandemic; and

**WHEREAS**, on October 19, 2021, via Minute Order 3.5, the Board of Supervisors of the County of Riverside approved allocating \$50,000,000 in ARPA funds to increase shelter capacity, permanent supportive housing units and affordable housing to help address homelessness; and

**WHEREAS**, Palm Communities, a California corporation and an affordable housing developer ("Developer"), proposes to develop and construct the Palm Villas at Millennium Housing Project, a two phase, 241-unit affordable multifamily low-income housing project ("Proposed Projects" or the "Projects"). The Proposed Projects will be owned and operated by a California limited partnerships to be formed. The Proposed Projects are located on 10.49 acres of land located at the north side of Gerald Ford Drive between Cook Street and Dinah Shore Drive, in the City of Palm Desert, identified as Assessor's Parcel Number 694-120-028 (the "Property") which will be subdivided into two parcels, one for each phase; and

**WHEREAS**, in connection with this award of ARPA funds, The Proposed Project will consist of two phases. Phase I will consist of 120 affordable rental units within 5 three-story buildings, including 15 one-bedrooms units, 75 two-bedroom units, and 30 three-bedroom units. In addition, 1 three-bedroom unit will be set aside for an on-site resident manager. Phase II will consist of 119 affordable rental units within 5 three-story buildings, including 15 one-bedroom units, 75 two-bedroom units, and 29 three-bedroom units. In addition, 1 three-bedroom unit will

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Palm Villas at Millennium Phase I

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FORM APPROVED COUNTY COUNSEL  
BY: AMRIT S. PHILLON  
DATE: 1/19/2023

1 be set aside for an on-site resident manager. Under the County's ARPA program, for each phase  
2 of development 49% of the rental units will be restricted to households whose incomes do not  
3 exceed 60% of the area median income. Of those units, 25% of the units will be restricted to  
4 households whose incomes do not exceed 30% of the area median income for the County of  
5 Riverside; and

6 **WHEREAS**, Developer submitted an application to County requesting financial  
7 assistance in the amount of \$6,700,000 in ARPA Funds. The ARPA Funds are needed to fill an  
8 existing Project financing gap in the amount of \$6,700,000 with a minimum amount of  
9 \$5,000,000 allocated for Phase I and the balance for Phase II. The ARPA Funds shall be  
10 encumbered and spent down in compliance with all ARPA regulations; and

11 **WHEREAS**, the California Debt Limit Allocation Committee ("CDLAC") was created  
12 to set and allocate California's annual debt ceiling, and administer the State's tax-exempt bond  
13 program to issue the debt; and

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

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

21 **WHEREAS**, Developer intends to submit applications for each phase to CDLAC for  
22 bond authority and TCAC for competitive low-income housing tax credits, the sales proceeds of  
23 which will be used to finance the development and construction of the Project; and

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

26 **WHEREAS**, corporations provide equity to build the projects in return for the tax credits  
27 in which TCAC verifies that the developers have met all the requirements of the program and  
28 ensures the continued affordability and habitability of the developments for the succeeding 55



1 years; and

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

4       **WHEREAS**, the County desires to approve an allocation of funding in the approximate  
5 amount of \$6,700,000 ARPA funds, to be used to pay a portion of the costs to develop and  
6 construct the Project on the Property, subject to Developer's satisfaction of certain conditions  
7 precedent for the benefit of the County; and

8       **WHEREAS**, the County desires to support the Developer's applications to TCAC for an  
9 allocation of low-income housing tax credits.

10       **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**  
11 **ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), in regular  
12 session assembled on January 31, 2023 at 9:30 am, in the meeting room of the Board of  
13 Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street,  
14 Riverside, California, as follows:

- 15       1) That the Board hereby finds and declares that the above recitals are true and correct and  
16       incorporated as though set forth herein.
- 17       2) The Board supports the Developer's application to TCAC for an allocation of low-  
18       income housing tax credits, the sale proceeds of which will be used to finance the  
19       development and construction of a multi-family affordable rental housing project, Palm  
20       Villas at Millennium Phase I and II, consisting of 239 affordable rental units, on real  
21       property located on approximately 10.49 acres of land located at the north side of Gerald  
22       Ford Drive between Cook Street and Dinah Shore Drive, in the City of Palm Desert,  
23       identified as Assessor's Parcel Number 694-120-028.
- 24       3) Subject to any restrictions and regulations on the use of ARPA funds and Department of  
25       Treasury regulations, the Board of Supervisors agrees to provide financial assistance to  
26       the Developer in the maximum amount of \$6,700,000 of ARPA funds, for the  
27       construction of affordable housing and the conduct of eligible activities for the Project,  
28       subject to the satisfaction of the following conditions precedent:

- a. Applicant shall be Palm Communities, a California corporation, which will act as the Sponsor and Developer for the purpose of developing the Project. The Project will be owned, constructed, and operated by a limited partnership in which Developer, or a limited liability company affiliate, acts as the managing general partner;
- b. Project Name shall be Palm Villas at Millennium Phase I;
- c. ARPA Loan Amounts shall not exceed Six Million Seven Hundred Thousand Dollars (\$6,700,000) with a minimum of Five Million Dollars (\$5,000,000) for Phase I and the balance to Phase II;
- d. Interest shall be three percent (3%) simple interest;
- e. Affordability Period shall be 55 years from recordation of the Notice of Completion in the Official Records of the County of Riverside, subject to an affordability covenant agreement recorded in senior lien position to all deeds of trust;
- f. ARPA Funds Loan Term shall be 55 years;
- g. Repayment shall be derived from a pro-rata share of a portion of the Project's residual receipts;
- h. Entitlements and Governmental Approvals: Developer shall secure any and all required land use entitlements, permits, and approvals which may be required for construction of the Project, including, but not limited to compliance with the California Environmental Quality Act;
- i. Other Financing: The ARPA Funds 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 financing sources for the Proposed Project are anticipated to



1 include Tax Credits, a Construction Loan, City Loan, TUMF waiver, Deferred  
2 Costs, Deferred Developer Fee and a Permanent Loan;

3 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in  
4 the amount of \$12,000 per Phase. Monitoring Fee shall increase annually by an  
5 amount equal to the increase of the Consumer Price Index for the San Bernardino-  
6 Riverside-Ontario, CA area ("CPI"), but in no event to exceed 5% annually. In the  
7 event of a decrease in the CPI, the Monitoring Fee currently in effect shall remain  
8 the same and shall not decrease; and

9 k. Successful negotiation of a loan agreement evidencing the loan of ARPA Funds in  
10 the amount approved herein, approved as to form by County Counsel, approved  
11 by the Board of Supervisors and executed by all required parties.

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

18 ///  
19 ROLL CALL:

20 ///  
21 Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez  
22 Nays: None  
23 Absent: None

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

26 KIMBERLY A. RECTOR, Clerk of said Board

27 By:   
28 Deputy

01.31.2023 3.9

RESOLUTION NUMBER 2023-049  
Palm Villas at Millennium Phase I