

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



ITEM: 3.20
(ID # 24031)

MEETING DATE:

FROM : HOUSING AND WORKFORCE SOLUTIONS:


Tuesday, February 06, 2024

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2024-042, Approving Funding Allocation of American Rescue Plan Act (ARPA) Funds in the Amount of \$6,700,000 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 Phase I Project in the City of Palm Desert, and Reapprove up to \$6,700,000 from American Rescue Plan Act (ARPA) Funds to Palm Communities, a California limited liability company, for development of the Palm Villas at Millennium Housing Project; District 4. [\$6,700,000 – 100% American Rescue Plan (ARPA) Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2024-042, Approving Funding Allocation of American Rescue Plan Act (ARPA) Funds in the Amount of \$6,700,000 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 Phase I Project in the City of Palm Desert; and
2. Reapprove the allocation of \$6,700,000 from American Rescue Plan Act (ARPA) funds to Palm Communities LLC, a California limited liability company and affordable housing developer, for the Palm Villas at Millennium Housing Project, subject to the conditions set forth in Resolution No. 2024-042.

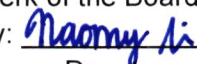
ACTION:Policy


Heidi Marshall, Director 1/24/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel 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: February 6, 2024
xc: HWS

Kimberly A. 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	\$6,700,000	\$ 0	\$6,700,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: American Rescue Plan Act (ARPA) Funds 100%			Budget Adjustment: No	
			For Fiscal Year: 23/24	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On October 19, 2021, the Board of Supervisors allocated \$50,000,000 for the purpose of addressing homelessness through development of affordable housing and providing shelter. The \$50,000,000 allocation was further divided into five \$10,000,000 investments to each Supervisorial District. The funding allocated by the Board was the State and Local Fiscal Recovery Funds (SLFRF) allocated to the County as part of the American Rescue Plan Act (ARPA) of 2021 (Pub. L 117-2). The ARPA funds are to focus on projects and/or programs that will increase the supply of permanent supportive housing which are critical to addressing homelessness.

On January 31, 2023 (Minute Order 3.9), the Board of Supervisors approved Resolution No. 2023-049, approving a funding allocation of up to \$6,700,000 from American Rescue Plan Act (ARPA) Funds to Palm Communities, an affordable housing developer (Developer), 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 Project), and supporting an application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Proposed Project.

Developer was unsuccessful in obtaining funding from the oversubscribed application round for the 2023 Multifamily Housing Program through the State of California Department of Housing and Community Development (HCD) Multifamily Finance Super Notice of Funding Application (NOFA). The County ARPA funding under Resolution 2023-049 expired on January 31, 2024, so Developer has requested to renew its resolution for support and approval for ARPA funding for the Proposed Project. Developer is preparing to pursue low-income housing tax credits in April 2024. The Proposed Project has a competitive tiebreaker score for low-income housing tax credits bolstered by the financial support from the County's ARPA commitment.

The Proposed Project is an affordable multifamily rental housing project comprised of approximately two phases, Phase I and Phase II, and will be owned and operated by separate California limited partnerships to be formed. The Proposed Project is 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. Phase I will consist of 120 affordable

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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 for an on-site resident manager. Under the County's ARPA program for Phase I 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 for Phase I 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 \$42,447,446 construction bank loan, \$1,665,000 City of Palm Desert Housing Authority loan, \$1,965,539 City of Palm Desert acquisition land loan, \$177,870 Transportation Uniform Mitigation Fee (TUMF) waiver, \$200,000 Southern California Edison refund and \$15,507,359 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 Proposed Project has a competitive tiebreaker score for low-income housing tax credits bolstered by the financial support from the County's ARPA commitment.

The attached proposed Resolution No. 2024-042, provides Board support for the Proposed Project and recommends an allocation of up to \$6,700,000 in ARPA funds (which is a reapproval) 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 ARPA funds be valid until December 1, 2024.

The attached proposed Resolution 2024-042, allocates up to \$6,700,000 in ARPA funds to the Proposed Projects for Phase I. The ARPA Funds shall be encumbered and spent down in compliance with all ARPA regulations subject to Developer's satisfaction of the conditions for Phase I specifically set forth in the attached Resolution 2024-042, 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

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Program approved by the Board of Supervisors and approved as to form by County Counsel.

Staff recommends that the Board adopt Resolution No. 2024-042. County Counsel has reviewed and approved the attached Resolution No. 2024-042 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. 2024-042


Brianna Lontajo, Principal Management Analyst 1/30/2024


Aaron Gettis, Deputy County Counsel 1/25/2024

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2024-042

APPROVING FUNDING ALLOCATION OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS IN THE AMOUNT OF \$6,700,000 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 Companies LLC, a California limited liability company 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 Numbers 694-120-028 and a portion of 694-120-029 (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-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

*RESOLUTION NUMBER 2024-042
Palm Villas at Millennium*

FORM APPROVED COUNTY COUNSEL
BY:  AMRIT P. DHILLON
DATE: 1/24/2024

1 consist of 119 affordable rental units within 5 three-story buildings, including 15 one-bedroom
2 units, 75 two-bedroom units, and 29 three-bedroom units. In addition, 1 three-bedroom unit will
3 be set aside for an on-site resident manager. Under the County's ARPA program, in Phase I of
4 the development, 49% of the rental units will be restricted to households whose incomes do not
5 exceed 60% of the area median income. Of those units, 25% of the units will be restricted to
6 households whose incomes do not exceed 30% of the area median income for the County of
7 Riverside; and

8 **WHEREAS**, Developer submitted an application to County requesting financial
9 assistance in the amount of \$6,700,000 in ARPA Funds. The ARPA Funds are needed to fill an
10 existing Project financing gap in the amount of \$6,700,000 for Phase I; 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 tax credits for Phase I through
25 TCAC is February 13, 2024; 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 April 23, 2024; 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 55
3 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 \$6,700,000 ARPA 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; and

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

12 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
13 **ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), in regular
14 session assembled on February 6, 2024 at 9:30 am, in the meeting room of the Board of
15 Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street,
16 Riverside, California, as follows:

- 17 1) That the Board hereby finds and declares that the above recitals are true and correct and
18 incorporated as though set forth herein.
- 19 2) The Board supports the Developer's application to TCAC for an allocation of low-
20 income housing tax credits, the sale proceeds of which will be used to finance the
21 development and construction of a multi-family affordable rental housing project, Palm
22 Villas at Millennium Phase I and II, consisting of a total of 239 affordable rental units,
23 on real property located on approximately 10.49 acres of land located at the north side of
24 Gerald Ford Drive between Cook Street and Dinah Shore Drive, in the City of Palm
25 Desert, identified as Assessor's Parcel Number 694-120-028 and a portion of 694-120-
26 029.
- 27 3) Subject to any restrictions on the use of ARPA funds and Department of Treasury
28 regulations, the Board of Supervisors agrees to provide financial assistance to the

1 Developer in the maximum amount of \$6,700,000 of ARPA funds, for the construction
2 of affordable housing and the conduct of eligible activities for the Project, subject to the
3 satisfaction of the following conditions precedent:

- 4 a. Applicant shall be Palm Companies LLC, a California limited liability company,
5 which will act as the sponsor and developer for the purpose of developing the
6 Project. The Project will be owned, constructed, and operated by a limited
7 partnership in which Developer, or a limited liability company affiliate, acts as the
8 managing general partner;
- 9 b. Project Name shall be Palm Villas at Millennium Phase I;
- 10 c. ARPA Loan Amounts shall not exceed Six Million Seven Hundred Thousand
11 Dollars (\$6,700,000) for Palm Villas at Millennium Phase I;
- 12 d. Interest shall be three percent (3%) simple interest;
- 13 e. Affordability Period shall be 55 years from recordation of the Notice of
14 Completion in the Official Records of the County of Riverside, subject to an
15 affordability covenant agreement recorded in a senior lien position to all deeds of
16 trust;
- 17 f. ARPA Funds Loan Term shall be 55 years;
- 18 g. Repayment shall be derived from a pro-rata share of a portion of the Project's
19 residual 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 ARPA Funds Loan is expressly conditioned upon the
25 Developer's ability to secure sufficient equity capital or firm and binding
26 commitments for financing necessary to undertake the development and
27 construction of the Project. All financing contemplated or projected with respect
28 to the Project shall be, or have been, approved in form and substance by the Board

1 of Supervisors. Other financing sources for the Proposed Project are anticipated to
2 include Tax Credits, a Construction Loan, City Loan, TUMF waiver, Deferred
3 Costs, Deferred Developer Fee and a Permanent Loan;

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

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

13 4) The Board of Supervisors' commitment to provide the ARPA Funds loan is subject to the
14 satisfaction of the conditions precedent set forth herein, is valid until December 1, 2024,
15 and shall thereafter have no force or effect, unless a ARPA Funds loan agreement related
16 to the financing of the Project (approved as to form by County Counsel) has been
17 approved and executed by the Board of Supervisors and the Developer.

18 ///

19 ///

20 /// ROLL CALL:

21 Ayes: Jeffries, Washington, Spiegel, 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: Naomy Li
28 Deputy

RESOLUTION NUMBER 2024-042
Palm Villas at Millennium