

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



**ITEM: 3.8
(ID # 23845)**

MEETING DATE:
Tuesday, March 05, 2024

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2024-030 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 Apartment Project Located in the City of Murrieta, and Approval of Up to \$2,900,000 from Permanent Local Housing Allocation (PLHA) Funds to Pacific West Communities for the Kensington Apartment Project; District 3. [\$2,900,000 - 100% Permanent Local Housing Allocation (PLHA) Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2024-030, 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 Apartment Project Located in the City of Murrieta; and
2. Approve up to \$2,900,000 from Permanent Local Housing Allocation (PLHA) funds to Pacific West Communities for the Kensington Apartment Project in the City of Murrieta, subject to the conditions set forth in Resolution No. 2024-030.

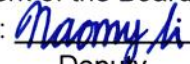
ACTION:Policy


Heidi Marshall, Director 2/8/2024

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: March 5, 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	\$2,900,000	\$ 0	\$2,900,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation (PLHA) Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	2023/24

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On January 24, 2023 (Agenda Item 3.31), the Board of Supervisors approved Resolution No. 2023-040, approving a funding allocation of up to \$2,500,000 from Permanent Local Housing Allocation (PLHA) Funds to Pacific West Communities, Inc., an Idaho Corporation and affordable housing developer (Developer) and supporting an application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee for the Kensington Apartments Project, an affordable multifamily low-income housing project consisting of approximately 124 affordable rental units developed 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 (Proposed Project).

On December 19, 2023, the Developer formally requested an extension through January 31, 2025 as Resolution No. 2023-040 was due to expire on January 31, 2024, and a funding increase in the amount of \$400,000 to offset the additional cost of the project due to imposed Community Facilities District (CFD), for a total funding allocation of up to \$2,900,000 PLHA funds. Since the last unsuccessful application round for tax credits, the Developer was able to secure an additional \$1,772,123 Impact Fee Deferral Loan from the City of Murrieta with agreement to CFD. With the increase of funding secured from the City and County including a land price reduction from the City, Developer expects to have a competitive application in April 2024 and obtain an award of tax credits.

In order to complete the California Tax Credit Allocation Committee (TCAC) application for an allocation of tax credits in April 2024, 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 City's contribution and County's PLHA commitment.

The attached proposed Resolution No. 2024-030 provides Board support for the Proposed Project and recommends an allocation of up to \$2,900,000 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, 2025.

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

The attached proposed Resolution 2024-030 allocates up to \$2,900,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2024-030, 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. 2024-030. County Counsel has reviewed and approved the attached Resolution No. 2024-030 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:

- Resolution No. 2024-030


Brianra Lontajo, Principal Management Analyst 2/28/2024


Aaron Gettis, Chief Deputy County Counsel 2/15/2024


Aaron Gettis, Chief Deputy County Counsel 2/15/2024

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION 2024-030

**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;

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”);

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;

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

*RESOLUTION NUMBER 2024-030
Kensington Apartments, City of Murrieta*

FORM APPROVED COUNTY COUNSEL
BY APC AMR/P. DHILLON
DATE 2/13/2024

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;

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”;

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”);

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;

19 **WHEREAS**, Developer submitted an application to County requesting financial
20 assistance in the amount of \$2,900,000 in PLHA funds (“County Allocation”). The County
21 Allocation is needed to fill an existing Project financing gap in the amount of \$2,900,000;
22 and**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) was created to set
23 and allocate California’s annual debt ceiling, and administer the State’s tax-exempt bond
24 program to issue the debt;

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;

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;

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

7 **WHEREAS**, the application deadline to be considered for bond authority through
8 CDLAC for right to apply for allocation of tax credits through TCAC is April 23, 2024;

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

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

15 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
16 amount of \$2,900,000 PLHA funds, to be used to pay a portion of the costs to develop and
17 construct the Project on the Property, subject to Developer's satisfaction of certain conditions
18 precedent for the benefit of the County; and

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

21 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
22 **ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), in regular
23 session assembled on March 5, 2024 at 9:30 am, in the meeting room of the Board of
24 Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street,
25 Riverside, California, as follows:

- 26 1) That the Board hereby finds and declares that the above recitals are true and correct and
27 incorporated as though set forth herein.
- 28 2) The Board supports the Developer's application to TCAC for an allocation of low-

1 income housing tax credits, the sale proceeds of which will be used to finance the
2 development and construction of a multi-family affordable rental housing project,
3 Kensington Apartments, consisting of 124 affordable rental units, on real property
4 located on approximately 4.7 acres of vacant land located at Washington Avenue and
5 Nighthawk Way, in the City of Murrieta, County of Riverside, State of California,
6 identified as Assessor's Parcel Number 906-780-004.

7 3) Subject to any restrictions on the use PLHA funds, the Board of Supervisors agree to
8 provide financial assistance to the Developer in the maximum amount of \$2,900,000 of
9 PLHA funds, for construction of eligible activities on the Project, subject to the
10 satisfaction of the following conditions precedent:

- 11 a. Borrower: a to-be-formed limited partnership in which Pacific West
12 Communities, Inc., an Idaho corporation registered to do business in the State of
13 California is an affordable housing developer or a single purpose entity affiliate of
14 Pacific West Communities, Inc., is a general partner, formed for developing,
15 constructing and owning the Project for the specific purpose of selling tax credits
16 and developing, constructing, and owning the Project;
- 17 b. Project Name shall be Kensington Apartments.
- 18 c. PLHA Loan Amount shall not to exceed Two Million Nine Hundred Thousand
19 Dollars (\$2,900,000);
- 20 d. Interest shall be three percent (3%) simple interest;
- 21 e. Affordability Period shall be 55 years from recordation of the Notice of
22 Completion in the official records of the County of Riverside, subject to an
23 affordability covenant agreement recorded in a senior lien position to all deeds of
24 trust;
- 25 f. PLHA Loan Term shall be 55 years;
- 26 g. Repayment shall be from loan payments derived from the Project's residual
27 receipts;
- 28 h. Entitlements and Governmental Approvals: Developer shall secure any and all

1 required land use entitlements, permits and approvals which may be required for
2 construction of the Project, including, but not limited to compliance with the
3 California Environmental Quality Act;

- 4 i. Other Financing: The PLHA loan is expressly conditioned upon the Developer's
5 ability to secure sufficient equity capital or firm and binding commitments for
6 financing necessary to undertake the development and construction of the Project.
7 All financing contemplated or projected with respect to the Project shall be, or
8 have been, approved in form and substance by the Board of Supervisors. Other
9 construction financing sources for the Project are anticipated to include
10 \$26,000,000 in tax exempt bonds, \$8,000,000 in taxable bonds, \$2,827,971 in tax
11 credit equity, \$627,253 in deferred costs from the owner, \$5,875,947 in deferred
12 developer fees, \$1,772,123 fee deferral loan from the City of Murrieta, and
13 \$822,500 in TUMF waivers from the Western Riverside Council of Governments
14 ("WRCOG"). Upon stabilization of the project, permanent financing sources for
15 the Project are anticipated to include a total of \$28,775,224 in tax credit equity, a
16 \$11,700,000 in tax-exempt bond permanent loan, \$2,855,947 in deferred
17 developer fees, \$2,500,000 loan from County PLHA funds, a \$1,772,123 City of
18 Murrieta fee deferral loan, and \$822,500 in TUMF waivers from WRCOG. The
19 total cost of development is approximately \$48,425,794;
- 20 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
21 the amount of \$12,400. Monitoring fee shall increase annually by an amount
22 equal to the increase of the Consumer Price Index for the San Bernardino-
23 Riverside-Ontario, CA area ("CPI"), but in no event to exceed 5% annually. In
24 the event of a decrease in CPI, the Monitoring Fee currently in effect shall remain
25 the same and shall not decrease; and
- 26 k. Successful negotiation of loan agreements evidencing the loan of the PLHA funds
27 in the amounts approved herein, approved as to form by County Counsel,
28 approved by the Board of Supervisors and executed by all required parties.

1 4) The Board's' commitment to provide the PLHA loan is subject to the satisfaction of the
2 conditions precedent set forth herein, is valid until January 31, 2025, and shall thereafter
3 have no force or effect, unless a PLHA loan agreement related to the financing of the
4 Project (approved as to form by County Counsel) has been approved and executed by the
5 Board and the Developer.

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10 ROLL CALL:

11 Ayes: Jeffries, Washington, Spiegel, Perez, and Gutierrez
12
13 Nays: None
14
15 Absent: None

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

18 KIMBERLY A. RECTOR, Clerk of said Board

19 By: Naomy Li
20 Deputy

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