

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



**ITEM: 3.25
(ID # 25091)**

MEETING DATE:
Tuesday, June 11, 2024

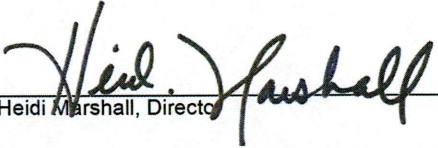
FROM : HOUSING AND WORKFORCE SOLUTIONS

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2024-128, Approving Funding Allocation of American Rescue Plan Act (ARPA) Funds in the Amount of \$6,700,000 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, Rescission of Resolution No. 2024-042, and Re-approval of 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. 2024-128, Approving Funding Allocation of American Rescue Plan Act (ARPA) Funds in the Amount of \$6,700,000 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. Rescind Resolution No. 2024-042 for approval of updated Resolution No. 2024-128; and
3. Reapprove the allocation of \$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. 2024-128.

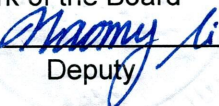
ACTION:Policy


Heidi Marshall, Director 5/29/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Gutierrez
Nays: None
Absent: Perez
Date: June 11, 2024
xc: HWS

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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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 – 24/25	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On October 19, 2021 (Minute Order 3.5), 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, a California corporation and 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 requested to renew its resolution to pursue low-income housing tax credits in April of 2024.

On February 6, 2024 (Minute Order 3.20), the Board of Supervisors approved Resolution No. 2024-042, approving a funding allocation of up to \$6,700,000 from American Rescue Plan Act (ARPA) Funds to Palm Communities expiring on December 1, 2024. Developer was unsuccessful in obtaining an award of tax credit funding from its first-round application in April 2024. Developer plans to restructure its tax credit application and has requested to extend the expiration of the resolution to December 31, 2024, to comply with second round tax credit application requirements. In order to extend the expiration of the resolution to December 31,

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2024, staff recommends the rescission of Resolution No. 2024-042 which expires on December 1, 2024, and the adoption of a new resolution which will allow the Developer to pursue bonds through the California Debt Limit Allocation Committee on August 27, 2024, with an award date of December 11, 2024. The Proposed Project has a competitive tiebreaker score for private activity bonds 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 and Dinah Shore Drive, in the City of Palm Desert, identified as Assessor's Parcel Number 694-120-028 and a portion of APN 694-120-029 (Property) which will be subdivided into two parcels, one for each phase. 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 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, 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 private activity bonds bolstered by the financial support from the County's ARPA commitment.

The attached proposed Resolution No. 2024-128 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 31, 2024.

The attached proposed Resolution 2024-128, 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

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compliance with all ARPA regulations subject to Developer's satisfaction of the conditions for Phase I specifically set forth in the attached Resolution 2024-128, 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. 2024-128 and rescind previously adopted Resolution No. 2024-042. County Counsel has reviewed and approved the attached Resolution No. 2024-128 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. 2024-128


Brianna Lontajo, Principal Management Analyst

6/5/2024


Aaron Gettis, Chief of Deputy County Counsel

6/3/2024

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2024-128

APPROVING FUNDING ALLOCATION OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS IN THE AMOUNT OF \$6,700,000 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;

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;

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 Numbers 694-120-028 and a portion of 694-120-029 (the "Property"), which will be subdivided into two parcels, one for each phase;

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 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

RESOLUTION NUMBER 2024-128
Palm Villas at Millennium

FORM APPROVED COUNTY COUNSEL
BY: APR AMRIT P. DHILLON
DATE: 5/29/2024

1 be set aside for an on-site resident manager. Under the County’s ARPA program, in Phase I of
2 the 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;

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 for Phase I; and

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

12 **WHEREAS**, Developer intends to submit applications for each phase to CDLAC for
13 tax-exempt private activity bonds, the sales proceeds of which will be used to finance the
14 development and construction of the Project;

15 **WHEREAS**, the application deadline to be considered for bond authority through
16 CDLAC is August 27, 2024;

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

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

23 **WHEREAS**, the County desires to reapprove an allocation of funding in the approximate
24 amount of \$6,700,000 ARPA funds, to be used to pay a portion of the costs to develop and
25 construct the Project on the Property, subject to Developer’s satisfaction of certain conditions
26 precedent for the benefit of the County; and

27 **WHEREAS**, the County desires to continue supporting the Developer’s applications to
28 CDLAC for tax-exempt private activity bonds.

1 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
2 **ORDERED** by the Board of Supervisors of the County of Riverside (“Board”), in regular
3 session assembled on June 11, 2024 at 9:30 am, in the meeting room of the Board of Supervisors
4 located on the 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside,
5 California, as follows:

- 6 1) That the Board hereby finds and declares that the above recitals are true and correct and
7 incorporated as though set forth herein.
- 8 2) The Board supports the Developer’s application to CDLAC for tax-exempt private
9 activity bonds, the sale proceeds of which will be used to finance the development and
10 construction of a multi-family affordable rental housing project, Palm Villas at
11 Millennium Phase I and II, consisting of a total of 239 affordable rental units, on real
12 property located on approximately 10.49 acres of land located at the north side of Gerald
13 Ford Drive between Cook Street and Dinah Shore Drive, in the City of Palm Desert,
14 identified as Assessor’s Parcel Number 694-120-028 and a portion of 694-120-029.
- 15 3) Subject to any restrictions on the use of ARPA funds and U.S. Department of Treasury
16 regulations, the Board of Supervisors agrees to provide financial assistance to the
17 Developer in the maximum amount of \$6,700,000 of ARPA funds, for the construction
18 of affordable housing for eligible activities for the Project, subject to the satisfaction of
19 the following conditions precedent:
 - 20 a. Applicant shall be Palm Communities, a California corporation, which will act as
21 the sponsor and developer for the purpose of developing the Project. The Project
22 will be owned, constructed, and operated by a limited partnership in which
23 Developer, or a limited liability company affiliate of Developer, acts as the
24 managing general partner;
 - 25 b. Project Name shall be Palm Villas at Millennium Phase I;
 - 26 c. ARPA Loan Amounts shall not exceed Six Million Seven Hundred Thousand
27 Dollars (\$6,700,000) for Palm Villas at Millennium Phase I;
 - 28 d. Interest shall be three percent (3%) simple interest;

- 1 e. Affordability Period shall be 55 years from recordation of the Notice of
2 Completion in the Official Records of the County of Riverside, subject to an
3 affordability covenant agreement recorded in a senior lien position to all deeds of
4 trust;
- 5 f. ARPA Funds Loan Term shall be 55 years;
- 6 g. Repayment shall be derived from a pro-rata share of a portion of the Project's
7 residual receipts;
- 8 h. Entitlements and Governmental Approvals: Developer shall secure any and all
9 required land use entitlements, permits, and approvals which may be required for
10 construction of the Project, including, but not limited to compliance with the
11 California Environmental Quality Act;
- 12 i. Other Financing: The ARPA Funds Loan is expressly conditioned upon the
13 Developer's ability to secure sufficient equity capital or firm and binding
14 commitments for financing necessary to undertake the development and
15 construction of the Project. All financing contemplated or projected with respect
16 to the Project shall be, or have been, approved in form and substance by the Board
17 of Supervisors. Other financing sources for the Proposed Project are anticipated to
18 include tax-exempt private activity bonds, a Construction Loan, City Loan,
19 TUMF waiver, Deferred Costs, Deferred Developer Fee and a Permanent Loan;
- 20 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
21 the amount of \$12,000. 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 the
24 event of a decrease in the CPI, the Monitoring Fee currently in effect shall remain
25 the same and shall not decrease; and
- 26 k. Successful negotiation of a loan agreement evidencing the loan of ARPA Funds in
27 the amount approved herein, approved as to form by County Counsel, approved
28 by the Board of Supervisors and executed by all required parties.

1 4) The Board of Supervisors' commitment to provide the ARPA Funds loan is subject to the
2 satisfaction of the conditions precedent set forth herein, is valid until December 31, 2024,
3 and shall thereafter have no force or effect, unless a ARPA Funds loan agreement related
4 to the financing of the Project (approved as to form by County Counsel) has been
5 approved and executed by the Board of Supervisors and the Developer.

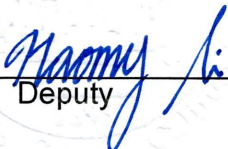
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12 ROLL CALL:

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

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

19 KIMBERLY A. RECTOR, Clerk of said Board

20 By: 
21 Deputy _____

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