

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



**ITEM: 3.42
(ID # 25077)**

MEETING DATE:
Tuesday, July 30, 2024

FROM : HOUSING AND WORKFORCE SOLUTIONS

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adopt Resolution No. 2024-129, Approving Funding Allocation of Up to \$5,000,000 from Permanent Local Housing Allocation Funds to Abode Communities and Support for Application for Award for Private Activity Bonds to the California Debt Limit Allocation Committee for the Villa Verde Housing Project, Located in the City of Coachella; and, Rescission of Resolution No. 2023-289; District 4. [\$5,000,000 - 100% Permanent Local Housing Allocation (PLHA) Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2024-129, Approving Funding Allocation of Up to \$5,000,000 from Permanent Local Housing Allocation (PLHA) Funds to Abode Communities and Support for Application for Award for Private Activity Bonds to the California Debt Limit Allocation Committee for the Villa Verde Housing Project, Located in the City of Coachella;
2. Rescind Resolution No. 2023-289; and
3. Approve up to \$5,000,000 from Permanent Local Housing Allocation funds to Abode Communities for the Villa Verde Housing Project in the City of Coachella, subject to the conditions set forth in Resolution No. 2024-129.

ACTION:Policy


Heidi Marshall, Director 7/9/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Perez 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: July 30, 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	\$5,000,000	\$ 0	\$5,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation (PLHA) Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	2024/25

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

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 increase the affordable housing stock. The City of Coachella was allocated funds by formula determination by California Department of Housing and Community Development (HCD). The County has an allocation of \$3,996,171. The City delegated its allocation to the County pursuant to an agreement dated June 26, 2020.

On June 27, 2023 (Minute Order 3.50), the Board of Supervisors approved Resolution No. 2023-154, approving a funding allocation of up to \$3,000,000 from Permanent Local Housing Allocation (PLHA) Funds to Abode Communities, an affordable housing developer (Developer), to pay a portion of the costs to develop and construct the Villa Verde Apartments, a first phase affordable multifamily low-income housing project (Proposed Project), and supported an application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee (TCAC). The Proposed Project is to be developed on 9.25 acres located at 84824 Calle Verde, in the City of Coachella, County of Riverside, State of California, identified as Assessor's Parcel Numbers 768-350-002 and 768-400-001 (Property). The Proposed Project will consist of 150 affordable units (along with two unrestricted property manager's units), 16 one-bedrooms units, 68 two-bedroom units, and 68 three-bedroom units. Under the County's PLHA program, 32 units will be restricted to individuals whose incomes do not exceed 30% of the area median income, 36 units will be restricted to individuals whose incomes do not exceed 40% of the area median income, 82 units will be restricted to households whose incomes do not exceed 50% of the area median income for the County of Riverside.

The PLHA Funding under Resolution 2023-154 expired on January 31, 2024, so Developer requested to renew its resolution to pursue low-income housing tax credits in April of 2024. On December 12, 2023 (Minute Order 3.27), the Board of Supervisors approved Resolution No. 2023-289, approving a funding allocation of up to \$3,000,000 from PLHA Funds to Developer expiring on February 28, 2025. 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 up to \$5,000,000 in PLHA Funds and to extend the expiration of the resolution to June 31, 2025, to comply with tax credit application requirements through

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2025. Developer is preparing to pursue private activity bonds on August 27, 2024, with an award date of December 11, 2024. The Proposed Project has a competitive tiebreaker score for application bolstered by the financial support from the County's PLHA commitment.

The attached proposed Resolution No. 2024-129, provides Board support for the Proposed Project and recommends an allocation of up to \$5,000,000 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 June 31, 2025.

The attached proposed Resolution 2024-129 allocates up to \$5,000,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2024-129, 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. 2024-129 and rescind Resolution No. 2023-289. County Counsel has reviewed and approved the attached Resolution No. 2024-129 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.

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. 2024-129

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

Brianne Lontajo

Brianne Lontajo, Principal Management Analyst 7/19/2024

Aaron Gettis

Aaron Gettis, Chief of Deputy County Counsel 7/15/2024

RESOLUTION NO. 2024-129

APPROVING FUNDING ALLOCATION OF UP TO \$5,000,000 FROM PERMANENT LOCAL HOUSING ALLOCATION (PLHA) FUNDS TO ABODE COMMUNITIES AND SUPPORT FOR APPLICATION FOR AWARD OF PRIVATE ACTIVITY BONDS TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR THE VILLA VERDE HOUSING PROJECT, LOCATED IN THE CITY OF COACHELLA

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);

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 & Safety Code ("HSC") Section 50470 et seq. and SB 2 (Chapter 364, Statutes of 2017) (the "PLHA Statutes");

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;

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

FORM APPROVED COUNTY COUNSEL
BY: AMRIT P. DHILLON
DATE: 7/10/2024

1 certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, D, C 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**, pursuant to Section 300(c) of the PLHA Guidelines, a local government
6 may delegate to another local government to submit an application and administer the formula
7 component of PLHA funds on its behalf, provided the local governments enter into an agreement
8 and the funds are expended for eligible activities consistent with program requirements;

9 **WHEREAS**, consistent with PLHA Guidelines, County administers its PLHA allocation
10 which can be applied within its jurisdiction and applied to projects within the City of Coachella,
11 a California municipal corporation ("City"), the County's PLHA allocation for the current
12 allocation is \$23,977,026;

13 **WHEREAS**, pursuant to the PLHA Program, the County and HCD entered into that
14 certain Standard Agreement dated April 20th, 2021, including Exhibits A, B, C, D and E
15 (collectively, the "PLHA Standard Agreement for City's Allocation"), which allocates PLHA
16 funding to the County for use in the City;

17 **WHEREAS**, in connection therewith, City and County entered in that certain Agreement
18 for the PLHA Program under the California HCD for Allocation Years 2019-2023 dated January
19 27, 2022 (the "County and City PLHA Agreement"), which provides for the use of PLHA Funds
20 by the County within the City to increase the affordable housing stock within the City;

21 **WHEREAS**, the PLHA Statutes, the Guidelines, the NOFA, PLHA Standard Agreement
22 for County's Allocation, PLHA Standard Agreement for City's Allocation, County and City
23 PLHA Agreement and all applicable rules and regulations imposed by HCD on PLHA funding
24 recipients shall collectively be referred to herein as the "PLHA Program";

25 **WHEREAS**, Abode Communities, a nonprofit public benefit
26 corporation and an affordable housing developer ("Developer"), proposes to develop and
27 construct a multi-family affordable rental housing project, Villa Verde, for low-income family
28 households consisting of one hundred fifty (150) affordable rental units and two (2) property

1 manager's units ("Project") on approximately 9.25 acres of vacant land located at the northeast
2 comer of 84824 Calle Verde, in the City of Coachella, County of Riverside, State of California,
3 more specifically identified as Assessor's Parcel Numbers 768-350-002 and 768-400-001
4 ("Property");

5 **WHEREAS**, a total of one hundred fifty (150) units will be restricted under the PLHA
6 Program of which 32 units will be restricted to individuals whose incomes do not exceed 30% of
7 the area median income, 36 units will be restricted to individuals whose incomes do not exceed
8 40% of the area median income, 82 units will be restricted to households whose incomes do not
9 exceed 50% of the area median income for the County of Riverside along with two (2)
10 unrestricted manager units;

11 **WHEREAS**, Developer submitted an application to County requesting financial
12 assistance in the amount of \$5,000,000 in PLHA funds ("County Allocation"). The County
13 Allocation is needed to fill an existing Project financing gap in the amount of \$5,000,000;

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

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

20 **WHEREAS**, the application deadline to CDLAC for an award of private activity bonds
21 is August 27, 2024;

22 **WHEREAS**, corporations provide equity to build the projects in return for the tax credits
23 in which TCAC verifies that the developers have met all the requirements of the program and
24 ensures the continued affordability and habitability of the developments for the succeeding fifty-
25 five (55) years;

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

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

5 **WHEREAS**, the County desires to support the Developer's application to CDLAC for an
6 allocation of low-income housing tax credits.

7 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND**
8 **ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), in regular
9 session assembled on July 30, 2024, at 9:30 am, in the meeting room of the Board of Supervisors
10 located on the 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside,
11 California, as follows:

- 12 1) That the Board hereby finds and declares that the above recitals are true and correct and
13 incorporated as though set forth herein.
- 14 2) The Board supports the Developer's application to CDLAC for an award of private
15 activity bonds, the sale proceeds of which will be used to finance the development and
16 construction of a multi-family affordable rental housing project, Villa Verde
17 Apartments, consisting of 152 total units, on real property located on approximately 9.25
18 acres of vacant land located at the 84824 Calle Verde, in the City of Coachella, County
19 of Riverside, State of California, identified as Assessor's Parcel Numbers 768-350-002
20 and 768-400-001.
- 21 3) Subject to any restrictions on the use PLHA funds, the Board agree to provide financial
22 assistance to the Developer in the maximum amount of \$5,000,000 of PLHA funds, for
23 construction of eligible activities on the Project, subject to the satisfaction of the
24 following conditions precedent:
 - 25 a. Borrower: a to-be-formed limited partnership in which Abode
26 Communities, or a single purpose entity affiliate of Abode Communities,
27 is a general partner, formed for developing, constructing, and owning the
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Project for the specific purpose of selling tax credits and developing, constructing, and owning the Project;

- b. Project Name shall be Villa Verde;
- c. PLHA Loan Amount shall not to exceed Five Million Dollars (\$5,000,000);
- 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 in a senior position to all deeds of trusts;
- f. PLHA Loan Term shall be 55 years;
- g. Repayment shall be from loan payments derived from 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 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 permanent financing contemplated or projected with respect to the Project shall be, or have been, approved in form and substance by the Board. Other financing sources for the Project are anticipated to include \$1,850,000 in land contribution from Housing Authority of the County of Riverside ("HACR"), \$450,000 predevelopment loan from the HACR, 219,892 loan by the HACR as Housing Successor to the former Coachella Redevelopment Agency, Tax Credits, a Construction Loan, and a Permanent Loan, and eighty-seven

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(87) Project Based Vouchers from HACR. The projected total cost of development during the permanent financing period is approximately \$105,782,863;

j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in the amount of \$15,000. Monitoring fee to be adjusted annually, not to exceed an increase in the National Consumer Price Index ("CPI") published on or about July 1st annually; 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 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 June 31, 2025, 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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ROLL CALL:


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

Nays: None

Absent: None

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

KIMBERLY A. RECTOR, Clerk of said Board

By:  _____
Deputy