

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



**ITEM: 3.14**  
(ID # 28571)

**MEETING DATE:**  
Tuesday, September 09, 2025


**FROM :** HOUSING AND WORKFORCE SOLUTIONS

**SUBJECT:** HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2025-228, 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 State Apartment Project Located in the City of Hemet and Approval of Up to \$5,500,000 from Permanent Local Housing Allocation (PLHA) Funds to Palm Communities for the Palm Villas at State Apartment Project; District 5. [\$5,500,000 - 100% PLHA Funds]

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

1. Adopt Resolution No. 2025-228, 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 State Apartment Project Located in the City of Hemet and Approval of Up to \$5,500,000 from Permanent Local Housing Allocation (PLHA) Funds to Palm Communities for the Palm Villas at State Apartment Project;
2. Rescind Resolution No. 2024-182 to allow for approval of updated Resolution No. 2025-228; and
3. Reauthorize approval of up to \$5,500,000 from Permanent Local Housing Allocation (PLHA) funds to Palm Communities for the Palm Villas at State Project, subject to the conditions set forth in Resolution No. 2025-228.

**ACTION:Policy**


  
Heidi Marshall, Director 8/12/2025

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Medina, Spiegel, Perez and Gutierrez  
Nays: None  
Absent: Washington  
Date: September 09, 2025  
xc: HWS

Kimberly A. 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>	\$5,500,000	\$ 0	\$5,500,000	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> Permanent Local Housing Allocation (PLHA) Funds (100%)			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2025/26

**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.

On July 14, 2020 (Minute Order 10.4), the Board of Commissioners approved the Disposition, Development and Loan Agreement between the Housing Authority of the County of Riverside and Palm Communities for the Sale and Development of the Property. This included a Predevelopment Loan for the acquisition of the Property for \$1,710,714 and a Permanent Land Loan for construction of the Project for \$1,710,714.

On July 30, 2024 (Minute Order 3.37), the Board of Supervisors approved the Resolution No. 2024-182, approving a funding allocation of up to \$5,500,000 from Permanent Local Housing Allocation (PLHA) 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 State, an affordable multifamily low-income housing project (Proposed Project). The Proposed Project is located on approximately 4.79 acres of vacant land located on the north side of Menlo Avenue, west of N. State Street, in the City of Hemet, in the County of Riverside, State of California, identified with Assessor's Parcel Numbers 439-060-009, 439-060-010 (portion of), 439-060-011, and 439-281-035 (portion of) (Property). The Proposed Project will consist of 108 affordable rental units within 5 three-story buildings including 75 two-bedroom units and 33 three-bedroom units. In addition, 1 two-bedroom or three-bedroom unit will be set aside for on-site resident managers. Under the County's PLHA program, no more than 49 percent of the rental units or 52 units will be restricted to households whose incomes do not exceed 80% of the area median income. Of those units, 20 percent or 10 units will be restricted to households whose incomes do not exceed 50% of the area median income for the County of Riverside.

On February 18, 2025, the Developer received a conditional award of \$35,494,215 from the Affordable Housing and Sustainable Communities (AHSC) program through the California Department of Housing and Community Development (HCD). Of this amount, \$22,000,000 is dedicated to the development of the Proposed Project, and \$13,494,215 will fund a new mobility hub in the City of Hemet along with other transportation improvements such as bikeways and walkways. These investments are designed to encourage a shift in transportation choices,

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reducing vehicle miles traveled and lowering greenhouse gas emissions. Together, they are expected to serve as a catalyst for positive change in the North Hemet area. The AHSC funds secured cover only part of the financing needed for the Proposed Project, and the developer's first round Low Income Housing Tax Credit application in 2024 was unsuccessful. Developer plans to restructure its tax credit application and has requested to extend the expiration of the resolution to December 31, 2026, to comply with second round tax credit application requirements. In order to extend the expiration of the resolution to December 31, 2026, staff recommends the rescission of Resolution No. 2024-182 which expires on December 31, 2025, and the adoption of a new resolution which will allow the Developer to pursue bonds through the California Debt Limit Allocation Committee on September 9, 2025, with an award date of November 19, 2025. The Proposed Project has a competitive tiebreaker score for private activity bonds bolstered by the financial support from the County's PLHA commitment.

The Proposed Project has a funding gap of \$5,500,000 and the Developer applied to the County requesting assistance in the form of PLHA funds. The total cost of development is approximately \$75,350,501, other construction and permanent financing sources for the Proposed Project are anticipated to include:

<b>Construction Sources</b>	
Construction Loan	\$54,299,639
Tax Credit Proceeds	\$4,953,436
Deferred Costs	\$14,386,712
Housing Authority of the County of Riverside/Land Loan	\$1,710,714
<b>Total</b>	<b>\$75,350,501</b>

<b>Permanent Sources</b>	
Perm Bond Proceeds	\$7,180,489
Tax Credit Equity	\$31,356,243
Housing Authority of the County of Riverside/Land Loan	\$1,710,714
CA Strategic Growth council AHSC	\$22,000,000
County of Riverside/PLHA	\$5,500,000
Deferred Developer Fee	\$7,603,055
<b>Total</b>	<b>\$75,350,501</b>

The attached proposed Resolution No. 2025-228 provides Board support for the Proposed Project and recommends an allocation of up to \$5,500,000 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 December 31, 2026.

The attached proposed Resolution 2025-228 allocates up to \$5,500,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution 2025-228, which include, but are not limited to, the following:

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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 recommend that the Board adopt Resolution No. 2025-228. County Counsel has reviewed and approved the attached Resolution No. 2025-228 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. 2025-228

  
Stacey Pena, EO Management Analyst 8/25/2025

  
Aaron Gettis, Chief of Deputy County Counsel 8/20/2025

**RESOLUTION NO. 2025-228**

**APPROVING FUNDING ALLOCATION OF PERMANENT LOCAL HOUSING ALLOCATION (PLHA) FUNDS IN THE AMOUNT OF \$5,500,000 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 STATE APARTMENTS AFFORDABLE HOUSING PROJECT, LOCATED IN THE CITY OF HEMET**

**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 and 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; and

**WHEREAS**, HSC Section 50470 authorizes the HCD to allocate monies 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;

RESOLUTION NUMBER 2025-228  
Palm Villas at State

SEP 09 2025 3.14

FORM APPROVED COUNTY COUNSEL  
BY: PAULA S. SALCIDO  
DATE: 8-18-2025

1           **WHEREAS**, pursuant to the PLHA Program, the County and HCD entered into that  
2 certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, C, D and E  
3 (collectively, the “PLHA Standard Agreement for County’s Allocation”), which allocates PLHA  
4 funding to the County for use in the County in the estimated funding amount of \$23,977,026 for  
5 Allocation Years 2019-2023;

6           **WHEREAS**, the PLHA Statutes, Guidelines, NOFA, PLHA Standard Agreement for  
7 County’s Allocation and all applicable rules and regulations imposed by HCD on PLHA  
8 funding recipients shall collectively be referred to herein as the “PLHA Program”;

9           **WHEREAS**, Palm Communities, a California corporation and an affordable housing  
10 developer (“Developer”), proposes to develop and construct a multi-family affordable housing  
11 rental project for low-income family households consisting of one-hundred and nine (109)  
12 affordable rental units, including one (1) manager unit (“Proposed Project” or the “Project”)  
13 on approximately 4.79 acres of vacant land located on the north side of Menlo Avenue, west  
14 of N. State Street, in the City of Hemet, in the County of Riverside, State of California,  
15 identified with Assessor’s Parcel Numbers 439-060-009, 439-060-010 (portion of), 439-060-  
16 011, and 439-281-035 (portion of) (the “Property”);

17           **WHEREAS**, under the PLHA Program, fifty-two (52) units will be restricted for  
18 households whose incomes do not exceed 30% of the area median income;

19           **WHEREAS**, Developer submitted an application to County requesting financial  
20 assistance in the amount of \$5,500,000 in PLHA Funds. The PLHA Funds are needed to fill an  
21 existing Project financing gap in the amount of \$5,500,000;

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

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

28           **WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) was created

1 to set and allocate California’s annual debt ceiling, and administer the State’s tax-exempt bond  
2 program to issue the debt;

3 **WHEREAS**, the California Tax Credit Allocation Committee (“TCAC”) facilitates the  
4 investment of private capital into the development of affordable rental housing for low-income  
5 households through the allocation of federal and state tax credits to affordable housing  
6 developers;

7 **WHEREAS**, TCAC allocates low-income housing tax credits to eligible affordable  
8 housing projects;

9 **WHEREAS**, Developer intends to submit an application to TCAC for competitive low-  
10 income housing tax credits, the sales proceeds of which will be used to finance the development  
11 and construction of the Project;

12 **WHEREAS**, the application deadline to be considered for bond authority through  
13 CDLAC for right to apply for allocation of tax credits through TCAC is September 9, 2025;

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

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

20 **WHEREAS**, the County desires to reapprove an allocation of funding in the approximate  
21 amount of \$5,500,000 PLHA funds, to be used to pay a portion of the costs to develop and  
22 construct the proposed Project on the Property, subject to Developer’s satisfaction of certain  
23 conditions precedent for the benefit of the County; and

24 **WHEREAS**, the County desires to support the Developer’s application to TCAC for an  
25 allocation of low-income housing tax credit.

26 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**  
27 **ORDERED** by the Board of Supervisors of the County of Riverside (“Board”), in regular  
28 session assembled on September 9, 2025, in the meeting room of the Board of Supervisors

1 located on the 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside,  
2 California, as follows:

- 3 1) That the Board of Supervisors hereby finds and declares that the above recitals are true  
4 and correct and incorporated as though set forth herein.
- 5 2) The Board of Supervisors hereby rescinds Resolution No. 2024-182.
- 6 3) The Board of Supervisors continues its support of the Developer's application to TCAC  
7 for an award low-income housing tax credits, the sale proceeds will be used to finance  
8 proposed Project the construction of Palm Villas at State, a multi-family affordable  
9 rental housing consisting of one-hundred and nine (109) affordable rental units,  
10 including one (1) manager unit on approximately 4.79 acres of vacant land located on  
11 the north side of Menlo Avenue, west of N. State Street, in the City of Hemet, in the  
12 County of Riverside, State of California, identified with Assessor's Parcel Numbers  
13 439-060-009, 439-060-010 (portion of), 439-060-011, and 439-281-035 (portion of).
- 14 4) Subject to any restrictions on the use of PLHA funds and the Board of Supervisors  
15 agrees to provide financial assistance to the Developer in the maximum amount of  
16 \$5,500,000 of PLHA funds, for the construction of affordable housing and the conduct  
17 of eligible activities for the Project, subject to the satisfaction of the following  
18 conditions precedent:
  - 19 a. Applicant shall be Palm Communities, a California corporation and an affordable  
20 housing developer, which will act as the Sponsor and Developer for the purpose  
21 of developing the Project. The Project will be owned, constructed, and operated  
22 by a limited partnership in which Developer, or a limited liability company  
23 affiliate, acts as the administrative general partner;
  - 24 b. Project Name shall be Palm Villas at State;
  - 25 c. PLHA Loan Amount shall not exceed Five Million Five Hundred Thousand  
26 Dollars (\$5,500,000);
  - 27 d. Interest shall be three percent (3%) simple interest;

- 1 e. Under the PLHA Program, fifty-two (52) units will be restricted for households  
2 whose incomes do not exceed 30% of the area median income;
- 3 f. Affordability Period shall be 55 years from recordation of the Notice of  
4 Completion in the Official Records of the County of Riverside, subject to an  
5 affordability covenant agreement recorded in a senior lien position to all deeds of  
6 trust;
- 7 g. PLHA Funds Loan Term shall be 55 years;
- 8 h. Repayment shall be derived from a pro-rata share of a portion of the Project's  
9 residual receipts;
- 10 i. Entitlements and Governmental Approvals: Developer shall secure any and all  
11 required land use entitlements, permits, and approvals which may be required for  
12 construction of the Project, including, but not limited to compliance with the  
13 California Environmental Quality Act;
- 14 j. Other Financing: The PLHA Funds Loan is expressly conditioned upon the  
15 Developer's ability to secure sufficient equity capital or firm and binding  
16 commitments for financing necessary to undertake the development and  
17 construction of the Project. All financing contemplated or projected with respect  
18 to the Project shall be, or have been, approved in form and substance by the Board  
19 of Supervisors. Other financing sources for the Proposed Project are anticipated to  
20 include Tax Credits, a Construction Loan, and a Permanent Loan;
- 21 k. Monitoring Fee: Payment of annual compliance monitoring fee to the County in  
22 the amount of \$10,800. Monitoring fee to be adjusted annually, not to exceed an  
23 increase in the Consumer Price Index (CPI); and
- 24 l. Successful negotiation of a loan agreement evidencing the loan of PLHA Funds in  
25 the amount approved herein, approved as to form by County Counsel, approved  
26 by the Board of Supervisors and executed by all required parties.
- 27 5) The Board of Supervisors' commitment to provide the PLHA Funds loan is subject to the  
28 satisfaction of the conditions precedent set forth herein, is valid until December 31, 2026,

1 and shall thereafter have no force or effect, unless a PLHA Funds loan agreement related  
2 to the financing of the Project (approved as to form by County Counsel) has been  
3 approved and executed by the Board of Supervisors and the Developer.

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8 ROLL CALL:

9 Ayes: Medina, Spiegel, Perez, and Gutierrez

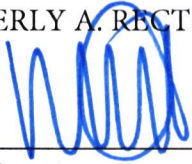
10 Nays: None

11 Absent: Washington

12 Abstain: None

13  
14 The foregoing is certified to be a true copy of a resolution duly adopted by said  
15 Board of Supervisors on the date therein set forth.

16 KIMBERLY A. RECTOR, Clerk of said Board

17  
18 By:  \_\_\_\_\_  
19 Deputy