

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



**ITEM: 3.31
(ID # 18200)**

MEETING DATE:
Tuesday, June 28, 2022

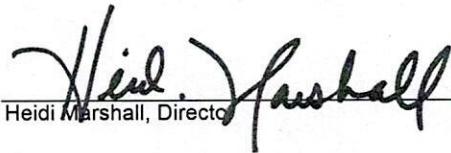
FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Adoption of Resolution No. 2022-055, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and to the California Debt Limit Allocation Committee for the Murrieta Apartments Phase I Multifamily Housing Project, Located in the City of Murrieta; Approval of \$4,500,000 from American Rescue Plan Act (ARPA) Funds to National Community Renaissance of California, or its Affiliate, for the Development of Murrieta Apartments Phase I Multifamily Housing Project; and Approval of \$1,500,000 in Permanent Local Housing Allocation (PLHA) Funds to National Community Renaissance of California, or its Affiliate, for the Development of Murrieta Apartments Phase I Multifamily Housing Project, in the City of Murrieta; District 3. [\$4,500,000 - 75% American Rescue Plan (ARPA) Funds; and \$1,500,000 – 25% Permanent Local Housing Allocation (PLHA) funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2022-055, Approving Funding Allocation and Support for Application for Low-Income Housing Tax Credits to the California Tax Credit Allocation Committee and to the California Debt Limit Allocation Committee for the Murrieta Apartments Phase I Multifamily Housing Project, Located in the City of Murrieta;

ACTION:Policy


Heidi Marshall, Director

5/19/2022

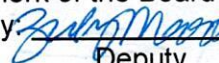

Cynthia M. Gurtzel, Chief Deputy County Counsel

6/9/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, 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 Hewitt
Nays: None
Absent: None
Date: June 28, 2022
xc: HWS

Kecia R. Harper
Clerk of the Board
By 
Deputy

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RECOMMENDED MOTION: That the Board of Supervisors:

2. Approve \$4,500,000 from American Rescue Plan Act (ARPA) Funds to National Community Renaissance of California, or its affiliate, for the Murrieta Apartments Phase I Multifamily Housing Project, subject to the conditions set forth in Resolution No. 2022-055; and
3. Approve \$1,500,000 from Permanent Local Housing Allocation (PLHA) Funds to National Community Renaissance of California, or its affiliate, for the Murrieta Apartments Phase I Multifamily Housing Project, subject to the conditions set forth in Resolution No. 2022-055.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 6,000,000	\$6,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: American Rescue Plan Act (ARPA) Funds (75%), and Permanent Local Housing Allocation (PLHA) Funds (25%)			Budget Adjustment:	No
			For Fiscal Year:	2022/2023

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

National Community Renaissance of California, also known as National CORE, a California corporation and an affordable housing developer (Developer), has applied to the County of Riverside (County) for total funding allocation of \$6,000,000, which includes \$1,500,000 in Permanent Local Housing Allocation (PLHA) Funds and \$4,500,000 in American Rescue Plan Act (ARPA) Funds to pay a portion of the costs to develop and construct a multi-family affordable rental housing project referred to as Murrieta Apartments Phase I (Proposed Project). The Proposed Project will consist of 118 affordable rental units and one onsite resident manager unit constructed on 4.75 acres of vacant land located at 24960 Adams Avenue, in the City of Murrieta, also identified as Assessor's Parcel Number 906-080-018 (Property). The Property will consist of three buildings comprised of 24 one-bedroom units, 60 two-bedroom units, and 35 three-bedroom units.

On June 30, 2020, the Board of Supervisors authorized the five-year estimate of \$41,291,148 in PLHA formula allocations (Minute Order 3.21) for the purpose of increasing the affordable housing stock. On October 19, 2021, the Board of Supervisors allocated \$50,000,000 in ARPA funds (Minute Order 3.5), further divided into five \$10,000,000 investments to each Supervisorial District for the purpose of addressing homelessness through the development of affordable housing and providing shelter.

A total of 29 units will be restricted by PLHA funding of which 6 units will be restricted to households whose incomes do not exceed 60% of the Riverside County Area Median Income

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(AMI), 13 units will be restricted to households whose incomes do not exceed 50% AMI, and 10 units will be restricted to households whose incomes do not exceed 30% AMI. An additional 29 units will be restricted under ARPA of which 6 units will be restricted to households whose incomes do not exceed 60% AMI, 13 units will be restricted to households whose incomes do not exceed 50% AMI, and 10 units will be restricted to households whose incomes do not exceed 30% AMI.

The Proposed Project will be financed using low-income housing tax credits and owned by Murrieta Family II LP. The Proposed Project has a funding gap of \$6,000,000 which Developer applied to the County requesting assistance in the form of PLHA and ARPA funds. Other financing sources for the Proposed Project are anticipated to include \$33,161,031 in investor equity, \$5,271,000 from JP Morgan Chase Bank Financing, \$10,228,075 (including a land loan) from the City of Murrieta, and \$4,700,000 in General Partnership Equity. The total cost of development during the permanent financing period is approximately \$59,360,106.

In order to complete the Tax Credit Allocation Committee (TCAC) application for an allocation of low-income housing tax credits, Developer must provide resolutions from the local jurisdiction providing support for the Proposed Project and proposed funding commitment.

The attached proposed Resolution No. 2022-055 provides Board support for the Proposed Project and recommends an allocation of \$4,500,000 in ARPA funds and \$1,500,000 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 ARPA and PLHA funds be valid until July 1, 2023.

The attached proposed Resolution No. 2022-055, allocating \$4,500,000 in ARPA funds and \$1,500,000 in PLHA funds to the Proposed Project, subject to Developer's satisfaction of the conditions specifically set forth in the attached Resolution No. 2022-055, which includes 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 Loan Agreements requiring compliance with the ARPA Rules and PLHA Program approved by the Board of Supervisors and approved as to form by County Counsel.

Staff recommends that the Board adopt Resolution No. 2022-055. County Counsel has reviewed and approved the attached Resolution No. 2022-055 as to form.

Impact on Residents and Businesses

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Approving this item will have a positive impact on the citizens and businesses in southwestern Riverside County. 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) and Permanent Local Housing Allocation (PLHA) funds.

Attachment:

- Resolution No. 2022-055


Brianna Lontajo, Principal Management Analyst 6/21/2022

RESOLUTION NO. 2022-055

APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR LOW-INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE AND TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR THE MURRIETA APARTMENTS PHASE I MULTIFAMILY HOUSING PROJECT, LOCATED IN THE CITY OF MURRIETA

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, 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 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; and

WHEREAS, National Community Renaissance of California, a public benefit corporation and affordable housing developer ("Developer"), proposes to develop and construct a multi-family affordable rental housing project currently referred to as Murrieta Apartments Phase I ("Phase I"), as well as a senior housing project, Murrieta Apartments Phase II. Phase I is expected to be constructed in a single phase, which will be financed with 4% Low-Income Housing Tax Credits ("LIHTC") and tax-exempt bonds. Phase I will consist of one hundred and nineteen (119) affordable rental units. The 6.22-acre site of the entire project, which is currently owned by the Murrieta Housing Authority, is located at 24960 Adams Avenue, in the City of

FORM-APPROVED COUNTY COUNSEL
BY: *Sybil M. Gunzel*
DATE: _____
SYBIL M. GUNZEL

1 Murrieta, County of Riverside, State of California, identified as Assessor Parcel Number 906-
2 080-018 (“Property”). Following subdivision of the Property, the City will ground lease portions
3 of the Property for each phase; and

4 **WHEREAS**, in connection with this award of ARPA and PLHA funds, a total of twenty-
5 nine (29) units will be restricted by PLHA funding of which six (6) units will be restricted to
6 households whose incomes do not exceed 60% of the Riverside County Area Median Income
7 (AMI), thirteen (13) units will be restricted to households whose incomes do not exceed 50%
8 AMI, and ten (10) units will be restricted to households whose incomes do not exceed 30%
9 AMI. An additional twenty-nine (29) units will be restricted under ARPA of which six (6) units
10 will be restricted to households whose incomes do not exceed 60% AMI, thirteen (13) units will
11 be restricted to households whose incomes do not exceed 50% AMI, and ten (10) units will be
12 restricted to households whose incomes do not exceed 30% AMI, for a combined total of 49% of
13 restricted units of the entire Phase I project, as proposed; and

14 **WHEREAS**, Developer has submitted an application to the County requesting financial
15 assistance in the amount of \$4,500,000 in ARPA funds and \$1,500,000 in Permanent Local
16 Housing Allocation (“PLHA”) funds (collectively the “County Allocation”) to develop Phase I.
17 The County Allocation is needed to fill an existing financing gap in the amount of \$6,000,000 for
18 Phase I; and

19 **WHEREAS**, the California Tax Credit Allocation Committee (“TCAC”) allocates low-
20 income housing tax credits, and the California Debt Limit Allocation Committee (“CDLAC”)
21 allocates tax-exempt bonds to eligible affordable housing projects to raise project equity through
22 the sale of tax benefits to investors; and

23 **WHEREAS**, the Developer intends to submit an application to TCAC/CDLAC for an
24 allocation of low-income housing tax credits and tax-exempt bonds and the proceeds from the
25 sale of such tax credits will be used to finance project costs; and

26 **WHEREAS**, the application deadline to be considered for a 2022 allocation of tax credits
27 and tax-exempt bonds through TCAC/CDLAC is July 7, 2022; and
28

1 **WHEREAS**, to complete the TCAC/CDLAC application process, the Developer must
2 provide a resolution from the local jurisdictions, including the County, supporting the project;
3 and

4 **WHEREAS**, the Developer has successfully completed several affordable housing
5 complexes in the County; and

6 **WHEREAS**, the County desires to approve an allocation of funding in the approximate
7 total amount of \$6,000,000, consisting of \$4,500,000 in ARPA funds and \$1,500,000 in PLHA
8 funds, to be used to pay a portion of the costs to develop and construct Phase I of the proposed
9 project on the Property, subject to Developer’s satisfaction of certain conditions precedent for the
10 benefit of the County;

11 **WHEREAS**, the County desires to support the Developer’s application to
12 TCAC/CDLAC for an allocation of low-income housing tax credits and tax-exempt bonds.

13 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**
14 **ORDERED** by the Board of Supervisors of the County of Riverside (“Board”), in regular
15 session assembled on June 28, 2022, at 9:30 am or soon thereafter, in the meeting room of the
16 Board of Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon
17 Street, Riverside, California, as follows:

- 18 1) The Board hereby finds and declares that the above recitals are true and correct and
19 incorporated as though set forth herein.
- 20 2) The Board hereby supports the Developer’s application to TCAC/CDLAC for an
21 allocation of low-income housing tax credits and tax-exempt bonds, the sale proceeds of
22 which will be used to finance Phase I of the proposed project to construct 119 affordable
23 rental units, on real property located on a to-be-subdivided portion of approximately
24 6.22 acres of land located at 24960 Adams Avenue, in the City of Murrieta, County of
25 Riverside, State of California, identified as Assessor Parcel Number 906-080-018.
- 26 3) Subject to any restrictions on the use of ARPA funds, Department of Treasury
27 regulations, and PLHA funds, the Board hereby agrees to provide financial assistance to
28 the Developer in the total maximum amount of \$6,000,000, consisting of \$4,500,000 of

1 ARPA funds and \$1,500,000 of PLHA funds, for construction of affordable housing and
2 the conduct of eligible activities on Phase I of the Project, subject to the satisfaction of
3 the following conditions precedent:

- 4 a. Borrower shall be: National Community Renaissance of California, a nonprofit
5 public benefit corporation and an affordable housing developer, or a limited
6 partnership controlled by National Community Renaissance of California, for the
7 specific purpose of attracting investor equity and developing, constructing and
8 owning the project where National Community Renaissance of California, or a
9 single purpose entity affiliate of National Community Renaissance of California,
10 as the general partner/managing member;
- 11 b. Project Name shall be: Murrieta Apartments Phase I;
- 12 c. ARPA Loan Amount: Not to exceed Six Million Dollars (\$6,000,000), which
13 shall be a blended loan consisting of ARPA funds not to exceed Four Million Five
14 Hundred Thousand Dollars (\$4,500,000) and PLHA funds not to exceed One
15 Million Five Hundred Thousand Dollars (\$1,500,000);
- 16 d. Interest shall be: Three percent (3%) simple interest;
- 17 e. Affordability Period shall be: fifty-five (55) years from recordation of the Notice
18 of Completion in the official records of the County of Riverside;
- 19 f. Loan Term: 55 years;
- 20 g. Repayment shall be from loan payments derived from the project's residual
21 receipts;
- 22 h. Entitlements and Governmental Approvals: Developer shall secure any and all
23 required land use entitlements, permits and approvals which may be required for
24 construction of the project, including, but not limited to compliance with the
25 California Environmental Quality Act and the National Environmental Policy
26 Act;
- 27 i. Other Financing: The County Allocation loan is expressly conditioned upon the
28 Developer's ability to secure sufficient equity capital or firm and binding

1 commitments for financing necessary to undertake the development and
2 construction of the project. All financing contemplated or projected with respect
3 to the project shall be, or have been, approved in form and substance by the
4 Board. Other project permanent financing sources, in addition to the ARPA and
5 PLHA funds, are expected to include \$33,161,031 in investor equity, \$5,271,000
6 in permanent loan, \$10,228,075 from City of Murrieta (which includes a land
7 loan), and \$4,700,000 in National Community Renaissance of California General
8 Partnership Equity; provided, however, that these numbers are estimates subject
9 to ongoing underwriting as well as an evolving cost environment. The total cost of
10 development, during the permanent financing period, is currently projected to be
11 approximately \$59,360,106;

12 j. Monitoring Fee: Payment of annual compliance monitoring fee to the County in
13 the amount of \$11,900. Monitoring fee to be adjusted annually, not to exceed an
14 increase in the Consumer Price Index (“CPI”); and

15 k. Successful negotiation of loan agreements evidencing the loan of the County
16 Allocation in the amounts approved herein, approved as to form by County
17 Counsel, approved by the Board and executed by all required parties; provided,
18 however that if required by legal and tax considerations, the Board may approve a
19 grant instead of a loan in its sole and absolute discretion, so long as Developer
20 commits to reinvest in Riverside County those funds that would otherwise be
21 repaid to the County.

22 4) The Board’s commitment to provide the County Allocation loan is hereby subject to the
23 satisfaction of the conditions precedent set forth herein, is valid until July 1, 2023, and
24 shall thereafter have no force or effect, unless a loan agreement or loan agreements for
25 the County Allocation related to the financing of the project (approved as to form by
26 County Counsel) has been executed by the Board and the Developer.

2 **RESOLUTION 2022-055**

3 **APPROVING FUNDING ALLOCATION AND SUPPORT FOR APPLICATION FOR**
4 **LOW-INCOME HOUSING TAX CREDITS TO THE CALIFORNIA TAX CREDIT**
5 **ALLOCATION COMMITTEE AND TO THE CALIFORNIA DEBT LIMIT ALLOCATION**
6 **COMMITTEE FOR THE MURRIETA APARTMENTS PHASE I MULTIFAMILY**
7 **HOUSING PROJECT, LOCATED IN THE CITY OF MURRIETA**

8 ADOPTED by Riverside County Board of Supervisors on June 28, 2022.

9 ROLL CALL:

10 Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt
11 Nays: None
12 Absent: None

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

15 KECIA R. HARPER, Clerk of said Board

16 By: _____

Zuly Martinez
Deputy

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