

Housing Authority Memorandum

City of Arts & Innovation

TO: HOUSING AUTHORITY MEMBERS **DATE: JULY 2, 2018**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 6**

SUBJECT: LOAN AGREEMENT WITH RIVERSIDE CEDAR GLEN PARTNERS II LP IN THE AMOUNT OF \$600,000 FROM HOUSING AUTHORITY RESTRICTED FUNDS TO FINANCE THE DEVELOPMENT OF A 50 UNIT AFFORDABLE HOUSING COMMUNITY ON 3.76 ACRES LOCATED AT 9830 COUNTY FARM ROAD

ISSUE:

Approve a Loan Agreement with Riverside Cedar Glen Partners II LP in the amount of \$600,000 from Housing Authority restricted funds to finance the development costs of a 50 unit affordable housing community on 3.76 acres located at 9830 County Farm Road.

RECOMMENDATION:

That the Housing Authority:

1. Approve a Loan Agreement with Riverside Cedar Glen Partners II LP in the amount of \$600,000 from Housing Authority restricted funds to finance the development costs of a 50 unit affordable housing community on 3.76 acres located at 9830 County Farm Road;
2. Authorize a supplemental appropriation in the amount of \$600,000 from Housing Authority Fund Account #0000280-298000 to a project account to be established by Finance for the Cedar Glen II Project; and
3. Authorize the Executive Director, or his designee, to execute the Loan Agreement and all related documents, including making minor and non-substantive changes

COMMITTEE RECOMMENDATION

The Development Committee met on March 22, 2018, with Chair Gardner, Vice Chair Perry and Member Mac Arthur present, and unanimously recommended that the Housing Authority:

1. Consider the Cedar Glen II development proposal from Palm Communities dba Riverside Cedar Glen Partners II LP, for a residual receipts loan in the amount of \$600,000 from Housing Authority restricted funds to finance the development costs of a 50-unit affordable housing community on 3.76 acres located at 9830 County Farm Road;
2. Direct staff to continue to look for other funding opportunities, including Housing First to fill the gap; and

3. If Palm Communities agrees, include permanent supportive housing within the project.

BACKGROUND:

In 2014, the County of Riverside and Palm Communities partnered to complete the Cedar Glen I affordable housing community located at 9814 County Farm Road in Riverside. The Cedar Glen I Apartments is a gated community consisting of the first of two development phases; the first phase consists of 50 residential units including one manager's unit. The project's target population is large families and clients of the Riverside County Department of Mental Health through the Mental Health Services Administration program. The current project includes four residential buildings and one community center.

DISCUSSION:

In October 2017, Palm Communities DBA Riverside Cedar Glen Partners II LP submitted an application to the Housing Authority of the City of Riverside for assistance with a \$600,000 subsidy gap to cover development costs for Cedar Glen Apartments II, the second phase of the housing community which will be located at 9830 County Farm Road. Cedar Glen II will contain the following:

1. Forty-nine affordable residential units consisting of 14 one-bedroom units, 14 two-bedroom units, 16 three-bedroom units, 5 four-bedroom units and one manager's unit;
2. Eleven of the units will be Housing Authority affordable restricted units for persons earning at-or-below 60% of the Area Median Income for a period of 55 years; and
3. Twenty-six units will be reserved for homeless veterans.

Staff reviewed the funding application, considered the qualifications of the developer, and reviewed the performance of Cedar Glen I before recommending that the project be moved forward for consideration. Below are pictures of the Cedar Glen I housing community.



Cedar Glen II has already received project commitments from the State of California Housing and Community Development Department under the Veterans Housing and Homeless Prevention Program for \$1.6 million and a 99-year discounted ground lease for the project site from the County of Riverside.

Project Financing

The estimated total development cost is \$24,146,405 with the following sources of funds used for the acquisition, design and construction of the Cedar Glen II development.

Sources of Funds	
Donated Land Lease	\$1,339,000
State VHHP Loan	\$1,690,000
AHP and Tranche B Loans	\$2,304,440
City Housing Authority	\$600,000
Pending TUMF Fee Waiver	\$306,700
9% Tax Credits	\$17,548,932
Deferred Developer Fee	\$357,333
Total Sources of Funds	\$24,146,405

Riverside Cedar Glen Partners II LP is requesting a \$600,000 residual loan from the Housing Authority fund (former Redevelopment Housing Set-aside funds) with a 3% simple interest for 55 years. The developer would repay the loan in annual payments equal to fifty percent (50%) of the residual receipts for the prior fiscal year.


The Interim Community and Economic Development Director concurs with this report.

FISCAL IMPACT:

The fiscal impact of this action is \$600,000 available in the Housing Authority Fund Account #0000280-298000 to contribute towards development costs for the Cedar Glen II Project.

Prepared by:	Emilio Ramirez, Office of Homeless Solutions Director
Certified as to availability of funds:	Adam Raymond, Finance Director/Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:



Mike Gardner, Chair
Development Committee

Attachments:

1. Loan Agreement with Riverside Cedar Glenn Partners II LP
2. Presentation
3. Development Committee Minutes – March 22, 2018