



Development Committee Memorandum

City of Arts & Innovation

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: MARCH 22, 2018

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 6

SUBJECT: CEDAR GLEN II DEVELOPMENT PROPOSAL FROM 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 - DIRECT SUBMITTAL

ISSUE:

Recommend that City Council and Housing Authority Board to approve the Cedar Glen II development proposal from 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.

RECOMMENDATION:

That the Development Committee recommend to the Housing Authority Board approval of the Cedar Glen II development proposal from 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.

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, which 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 building for the community center.

DISCUSSION:

In October of 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. 49 affordable housing units and a manager's unit;
2. 11 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;
3. 26 units of the units will be reserved for homeless veterans; and
4. 14 one-bedroom units, 14 two-bedroom units, 16 three-bedroom units, 5 four-bedroom units, and a manager's unit.

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.

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.

Below are pictures of the Cedar Glen I housing community. It is anticipated that Cedar Glen II will look substantively like the first phase.



Project Financing

The estimated total development cost is \$26,707,155 which a breakdown is provided below.

Uses of Funds	
Land Acquisition	\$ 3,100,400
Construction	\$18,160,035
Professional Fees/Soft Costs	\$ 2,380,744
Financing Costs	\$ 3,065,976
Total Development Cost	\$26,707,155

The development cost is expected to be financed through the following funding sources:

Sources of Funds	
Donated Land Lease	\$ 3,052,000
Chase Bank Loan	\$ 1,648,038
State VHHP Loan	\$ 1,690,000
City Housing Authority Loan	\$ 600,000
Pending TUMF Fee Waiver	\$ 305,319
Pending 9% Tax Credits	\$18,968,605
Deferred Developer Fee	\$ 443,193
Total Sources of Funds	\$26,707,155

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 Community & Economic Development Director concurs with the recommendation.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. The Housing Authority has \$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, Chief Financial Officer/City Treasurer
Approved by:	Alexander T. Nguyen, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment: Presentation