

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



ITEM: 3.49
(ID # 21173)

MEETING DATE:
Tuesday, June 27, 2023

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Forms of Loan Agreement and Covenant Agreement for the Use of American Rescue Plan Act (ARPA) Funds in the Amount of \$5,000,000 Derived from County's ARPA Allocation; and Authorize the Director of HWS to Execute the ARPA Loan Agreement and Covenant Agreement for the Corona Del Rey Apartments, Located in the City of Corona; District 2. [\$5,050,000 – 100% American Rescue Plan Act (ARPA) Funds] (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve a loan in the amount of \$5,000,000 derived from County's ARPA allocation to pay a portion of the rehabilitation costs related to the Corona Del Rey Apartments Housing Project, located in the City of Corona to assist low-income households and individuals affected by the COVID-19 pandemic;
2. Approve the attached forms of Loan Agreement for the Use of ARPA Funds, including all attachments thereto (ARPA Loan Agreement), the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (ARPA Deed of Trust), Promissory Note and Covenant Agreement;
3. Approve the allocation of Approximately \$50,000 derived from ARPA Funds to be used to pay direct County Staff related costs and delivery for the Project;
4. Authorize the Director of Housing and Workforce Solutions (HWS), or designee, to execute the ARPA Loan Agreement and Covenant Agreement, each conforming in form and substance to the attached ARPA Loan Agreement and Covenant Agreement, subject to approval as to form by County Counsel;
5. Authorize the Director of HWS, or designee, to execute the ARPA Loan Agreement and Covenant Agreement with National Community Renaissance of California, a California nonprofit public benefit corporation, substantially conforming in form and substance to the attached ARPA Loan Agreement and Covenant Agreement, to provide a loan in the total amount of \$5,000,000 with the term commencing upon signature of the parties and terminating the later of December 31, 2078, or fifty-five (55) years from the recordation of the Covenant Agreement, subject to approval as to form by County Counsel; and
6. Authorize the Director of the HWS, or designee, to negotiate and execute a Subordination Agreement, conforming form and substance to the attached Subordination Agreement, subordinating to the City of Corona Loan for a not to exceed the amount of \$5,500,000, subject to approval as to form by County Counsel; and

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7. Approve and direct the Auditor-Controller to make the budget adjustment as detailed in the attached Schedule A.

ACTION:4/5 Vote Required, Policy


Heidi Marshall, Director 2/21/2023

MINUTES OF THE BOARD OF SUPERVISORS

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$5,050,000	\$ 0	\$5,050,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: American Rescue Plan Act (ARPA) Funds (100%)			Budget Adjustment:	Yes
			For Fiscal Year:	2022/23

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On October 19, 2021 (Minute Order 3.5), the Board of Supervisors allocated \$50,000,000 in ARPA funds for the purpose of addressing housing and homelessness through the development of affordable housing and sheltering programs. The \$50,000,000 Board allocation was distributed equally to all five supervisorial districts. The funding allocated by the Board was the State and Local Fiscal Recovery Funds (SLFRF) that the County was allocated as part of the American Rescue Plan Act (ARPA) of 2021 (Pub. L 117-2). These ARPA funds are to focus on projects and/or programs that serve as a pathway to create affordable housing with necessary supporting infrastructure to assist low-income communities disproportionately affected by the COVID-19 pandemic. One of the eligible uses of ARPA funds includes the increase in the supply of affordable housing which is critical to addressing the lack of affordable housing for low-income residents. The project proposed below is one of several projects in the City of Corona’s pipeline to address homelessness and housing instability. The Department of Housing and Workforce Solutions (HWS) has played an active role in supporting the City of Corona’s homeless strategy including the leveraging of county funding to expand sheltering beds and affordable housing units. City-County partnerships such as this are critical to meeting the housing and service needs of unsheltered residents.

National Community Renaissance of California, a California nonprofit public benefit corporation (Developer) has applied to the County of Riverside (County) for ARPA funding allocated from California’s direct allocation of federal ARPA funds in the amount of \$5,000,000 (ARPA Loan) to pay a portion of the costs to rehabilitate the existing Corona Del Rey Apartments Housing Project, an affordable multi-family low-income housing project (Proposed Project). If approved, the ARPA Loan will be evidenced by a Promissory Note in favor of the County (ARPA Loan Note), which would be secured by a Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing for the benefit of the County (ARPA Loan Deed of Trust). The proposed ARPA Loan Deed of Trust and ARPA Loan Note are exhibited to the Loan Agreement attached hereto.

The Proposed Project is located on an approximately 9.96 acres site, located at 1148 D Street, in the City of Corona within Riverside County. Also, identified as APNs 118-183-034 through

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118-183-043,118-0183-049-1; 118-183-051-2; 118-183-053-4; 118-171-019 to 118-171-046 through 118-171-046, 118-171-046; 118-171-054 to 118-171-056 (Property). The Proposed Project consists of 160 2-bedroom (1,118 sq. ft.) affordable rental units divided into 40 four-unit townhomes, two-story buildings, which have the following amenities: a community center, laundry facility, three playgrounds, covered parking, 24-Hour emergency maintenance, and controlled access & gated entrances. Under the County’s ARPA Program, 61 units will be restricted to ARPA units of which 30 households whose incomes do not exceed 50% of the area median income for the County of Riverside, 31 units will be restricted to households whose incomes do not exceed 60% of the Area Median Income (AMI). Additionally, the Housing Authority of the County of Riverside is placing eight (8) Section 8 Project-Based Vouchers on the Proposed Project which will be limited to households whose incomes do not exceed 50% of AMI for the County of Riverside.

Permanent Sources

National Community Renaissance	\$ 7,000,000
Riverside County ARPA Loan (D)	\$ 5,000,000
City of Corona Loan	\$ 5,500,000
Existing County HOME Loan	\$ 77,063
Existing City of Corona RDA Loan	\$ 1,467,565
Existing NCRC Property Reserves (A)	\$ 1,488,930
Existing NCRC Loans to the Property	\$ 1,057,756
Total	\$ 21,591,314

Staff recommends approval of ARPA funds for the Proposed Project to pay a portion of the development and construction costs for the Proposed Project and direct project staffing costs in an amount not to exceed 1% of ARPA funds approved for the Proposed Project as follows:

Corona Del Rey Apartments	\$5,000,000	Riverside County ARPA Project Funding
<u>Corona Del Rey Apartments</u>	<u>\$50,000</u>	Riverside County ARPA Direct Staffing (5%)
Total	\$5,050,000	

County Counsel has reviewed and approved as to form the attached form of the Loan Agreement for the Use of ARPA Funds, form of the ARPA Loan Deed of Trust, form of the ARPA Loan Promissory Note, and form of the ARPA Covenant Agreement. Staff recommends that the Board approve forms of the Loan Agreement for the Use of ARPA funds, ARPA Loan Deed of Trust, ARPA Loan Promissory Note, and ARPA Covenant Agreement.

Impact on Citizens and Businesses

The rehabilitation of Corona Del Rey Apartments will have a positive impact on residents and businesses as it will provide needed affordable housing and mitigate health and safety issues

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affecting the property making it a decent and safe place for qualified families to live. The project is also expected to create jobs in construction, property maintenance, and property management.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with American Rescue Plan Act (ARPA) funds allocated from California's direct allocation of federal ARPA funds. A budget adjustment is required for FY 2022/23 (see Schedule A attachment).

Attachments:

- Form of the Loan Agreement for the Use of ARPA Funds, including all exhibits; forms of the ARPA Loan Deed of Trust, ARPA Loan Promissory Note, and ARPA Covenant Agreement
- Schedule A



Heydee Koury, Sr Accountant - Auditor 6/5/2023



Kristine Bell-Valdez, Supervising Deputy County Counsel 5/31/2023