

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY  
AND RECORD OF ACTION**

November 18, 2025

**FROM**

**CARRIE HARMON, Director, Community Development and Housing Department**

**SUBJECT**

County Loan Agreement for the E Street Veterans Apartments

**RECOMMENDATION(S)**

1. Approve **County Loan Agreement No. 25-889** and its related exhibits with E Street Veterans Apartments, LP in an amount not to exceed \$5,000,000 to assist with the development and construction of the E Street Veterans Apartments, located at 1351 North E Street in the City of San Bernardino to provide affordable housing and supportive services for homeless veterans for a 55-year period from November 18, 2025 through November 18, 2080.
2. Approve the **Subordination Agreement No. 25-890** between San Bernardino County and the senior construction lender Banc of California.
3. Authorize the Chief Executive Officer to execute the Subordination Agreement between San Bernardino County and the senior construction lender Banc of California.
4. Approve the **Subordination Agreement No. 25-891** between E Street Veterans Apartments, LP, San Bernardino County and the City of San Bernardino regarding the City's \$1,985,401 Permanent Local Housing Allocation funds.
5. Authorize the Chief Executive Officer to execute the Subordination Agreement between E Street Veterans Apartments, LP, San Bernardino County and the City of San Bernardino regarding the City's \$1,985,401 Permanent Local Housing Allocation funds.
6. Authorize the Chief Executive Officer to execute a subordination agreement with the California Department of Housing and Community Development, with a non-standard term, for the County Loan Agreement when the senior construction loan converts to permanent financing, subject to review by County Counsel.
7. Authorize the Chair of the Board of Supervisors, Chief Executive Officer, or the Director of Community Development and Housing Department, to make necessary non-substantive modifications to the County Loan Agreement and its related exhibits, the Subordination Agreements, and to execute all required documents, including escrow instructions, necessary to complete this transaction, subject to County Counsel review.
8. Direct the Director of the Community Development and Housing Department to transmit the executed subordination agreements referenced in Recommendation Nos. 2 and 4, and any non-substantive modifications or amendments referenced in Recommendation No. 7, to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Carrie Harmon, Director, 382-3983)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Promote the Countywide Vision.**

**Create, Maintain and Grow Jobs and Economic Value in the County.**

**County Loan Agreement for the E Street Veterans Apartments  
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**Ensure Development of a Well-Planned, Balanced, and Sustainable County.  
Provide for the Safety, Health and Social Service Needs of County Residents.  
Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The loan amount not to exceed \$5,000,000 will be funded by the American Rescue Plan Act Local Assistance and Tribal Consistency Fund (ARPA LATCF). Adequate appropriation and revenue have been included in the ARPA LATCF and Community Development and Housing's (CDH) 2025-26 budgets.

**BACKGROUND INFORMATION**

CDH expands and preserves affordable housing, strengthens neighborhoods, and supports community revitalization across San Bernardino County (county). CDH administers state and federal programs that fund affordable housing development, shelter and supportive services, infrastructure projects, and community initiatives that enhance residents' quality of life.

The E Street Veterans Apartments (Project) represents an expansion of permanent supportive housing for veterans experiencing or at risk of homelessness in the county. Through a partnership with U.S. VETS—the nation's largest nonprofit dedicated to ending veteran homelessness—and the Loma Linda VA Medical Center (LLVAMC), the Project will provide comprehensive on-site supportive services including case management, healthcare connections, career development, transportation assistance, and benefit coordination to help residents achieve long-term stability and independence.

Located at 1351 North E Street, (Assessor's Parcel Number 0145-211-55-0-000), the Project will transform 0.76 acres of donated land into a three-story development featuring 21 one-bedroom units, eight two-bedroom units, and one two-bedroom manager's unit. The land, valued at \$860,000, was donated by the Jewish National Fund Inc. The unit mix will serve residents at various income levels: 15 units for Very Low-Income households (at or below 50% Area Median Income), 14 units for Low-Income households (at or below 80% Area Median Income), and one unrestricted manager's unit.

On June 11, 2024 (Item No. 44), the Board of Supervisors authorized a \$5 million allocation from the Housing Development Grant Fund (HDGF) for the Project. This commitment provided gap financing to enable the development—led by Kingdom AO, LLC and U.S. VETS - E Street, LLC, in collaboration with U.S. VETS and LLVAMC—to compete for Low-Income Housing Tax Credits (LIHTC) through the California Tax Credit Allocation Committee (TCAC). After initial challenges in securing tax credit funding, the development team was ultimately awarded \$12.46 million in LIHTC funding in June 2025. With this, the County can execute the Loan Agreement and proceed with the Project.

The County's \$5 million contribution is structured as a residual receipts loan; repayment will be based on the project's available cash flow. Annual loan payments will be made from remaining net operating income available after expenditures such as operating costs, reserves, and senior debt obligations. Any unpaid loan balance will remain deferred until sufficient cash flow becomes available, or the loan reaches maturity. This approach supports long-term Project sustainability while maintaining affordability for residents.

The financing structure of the Project requires the County to enter into subordination agreements. The County loan will be subordinated to the California Department of Housing and

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Community Development (HCD) loan while maintaining a senior position relative to the City of San Bernardino loan. The subordination agreement with HCD will include the following non-standard provision:

1. The subordination agreement will state that the prevailing party is entitled to recover attorneys' fees and costs
  - The County standard contract requires each party to bear its own costs and attorney fees, regardless of who is the prevailing party.
  - Potential Impact: If either party institutes any legal proceedings related to the agreements, the prevailing party will be entitled to recover reasonable attorneys' fees.

Construction is expected to begin in early 2026 with completion by summer 2027.

**PROCUREMENT**

On August 17, 2023, CDH released and posted on the CDH website a Fund Request Form (FRF) with the guidelines for the Housing Development Grant Fund for proposed projects that increase housing capacity to address homelessness. Applications are accepted on a rolling basis and are evaluated based on the criteria established by the Housing Development Guidelines which were approved by the Board on January 23, 2024 (Item No. 29). The U.S. VETS project met established benchmarks for financial feasibility, impact, project readiness, and operational sustainability.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on October 31, 2025; ARPA (Guy Martinez, Principal Administrative Analyst, 387-5428) on October 17, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on October 27, 2025; County Finance and Administration (Paul Garcia, Administrative Analyst, 386-8392) on November 5, 2025.

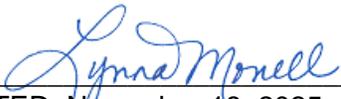
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Record of Action of the Board of Supervisors  
San Bernardino County

**DEFERRED/APPROVED**

Moved: Joe Baca, Jr. Seconded: Curt Hagman  
Ayes: Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.  
Absent: Col. Paul Cook (Ret.)

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: November 18, 2025



cc: CDH - Harmon w/agrees for sign  
Contractor - c/o CDH w/agree  
File - w/agree  
CCM 11/18/2025