

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

**March 12, 2024**

**FROM**

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

**SUBJECT**

Resolution to Commit Funding for the Development of Affordable Housing Units at Arrowhead Grove in the City of San Bernardino

**RECOMMENDATION(S)**

Adopt **Resolution No. 2024-27** committing up to \$5,000,000 of HOME Investment Partnerships Program funds to assist the Housing Authority of the County of San Bernardino and its development partner, National Community Renaissance, to develop a total of 92 affordable housing units and a community center as part of Phase IV of the Arrowhead Grove Inclusive Redevelopment Project.

(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.**

**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 proposed Resolution to commit up to \$5,000,000 to assist the Housing Authority of the County of San Bernardino (HACSB) and its development partner, National Community Renaissance (National CORE) (collectively referred to as Developer), with the development of Phase IV of the Arrowhead Grove Redevelopment Project (Project) will be funded by the HOME Investment Partnerships Program (HOME). Adequate appropriation and revenue have been included in the Community Development and Housing Department's (CDH) 2023-24 budget.

**BACKGROUND INFORMATION**

Adoption of the Resolution will commit up to \$5,000,000 to the Developer to allow the funds to be leveraged in a competitive funding application for Round 8 of the Affordable Housing and Sustainable Communities (AHSC) program, which is administered by the State of California's Department of Housing and Community Development (HCD). The AHSC program is a multi-faceted initiative aimed at tackling the dual challenges of housing affordability and environmental sustainability. The AHSC funding application deadline is March 19, 2024, with award announcements expected by August 2024.

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The Project is the redevelopment of the former Waterman Gardens public housing site located on the southeast corner of Waterman Avenue and Baseline Street in the City of San Bernardino. Waterman Gardens was developed in 1943 by HACSB and consisted of 252 units of affordable housing located on 38 acres of land. Since 2018, HACSB has pursued an aggressive revitalization plan for the site, which has included the demolition of the 76-year-old buildings and the development of a mixed-used, mixed-income, sustainable community that, at full buildout, will consist of 534 new units of housing, commercial space, an onsite Head Start program, and a new community center. HACSB continues to own all 38 acres of land, subdividing into separate parcels, by phase. Phase I, Phase II, and Phase III of the Project have resulted in the development of 322 affordable housing units.

Phase IV of the Project will include 22 one-bedroom, 46 two-bedroom, and 24 three-bedroom housing units, for a total of 92 new affordable units, targeting income levels at 80% and below of the Area Median Income. This phase will also include the development of a community center that will lease office space to nonprofit organizations to provide co-located services for low-income residents. Preliminary plans for the community center include a partnership with Dignity Health, a major healthcare provider in California, which would lease the west wing of the building to open a new Federally Qualified Health Center. The Project, a collaborative effort with numerous stakeholders, furthers the objectives of the Countywide Vision and the Homeless Strategic Action Plan through the creation of new affordable housing units which are a critical component of the homeless continuum of care, offering safe, affordable sources of permanent housing that are needed to resolve and prevent homelessness.

Based on the Project's proforma, the estimated development cost of the 92 units is approximately \$64,853,882 with an estimated cost per unit of \$704,934. This per unit cost includes the cost of onsite community facilities and reflects current market conditions. If approved, the County's commitment of \$5,000,000 will be leveraged with funding from various federal, state, and local sources, as well as third-party financing, to construct the Project. If the Project is successful in securing an allocation of AHSC funds, the Developer will then submit an application to the State of California for an allocation of a competitive 4% Low Income Housing Tax Credits (LIHTC) in the Fall of 2024.

The Project has been reviewed for feasibility, impact, project readiness, and operational sustainability and has met all benchmarks for these criteria. The Project has also been reviewed for consistency with the Board of Supervisors' (Board) Housing Development Guidelines and expands housing capacity through the creation of new affordable housing units within the City of San Bernardino, which has the highest concentration of unsheltered homeless, the highest concentration of homeless K-12 students as identified by school district data, and one of the highest concentrations of poverty and households at risk of homelessness.

Upon approval of the funding commitment Resolution, CDH will initiate contract negotiations with the Developer. If the Project is successful in securing an allocation of AHSC funding and LIHTC funding, CDH will return to the Board to obtain approval of the funding agreements at a future date. The County's commitment and other anticipated funding sources are summarized below.

<b>Permanent Housing Sources</b>	<b>Amount</b>	<b>Cost Per Unit</b>	<b>Percentage Total</b>
<b>Non-County Funds</b>			
General Partner	\$100	\$1	-

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Developer Fee Contribution	\$3,960,721	\$43,051	6.1%
Deferred Developer Fee	\$1,000,000	\$10,870	1.5%
Accrued and Deferred Soft Loan Interest	\$702,602	\$7,637	1.1%
City of San Bernardino Neighborhood Stabilization Program	\$1,900,000	\$20,652	2.9%
City San Bernardino HOME	\$3,000,000	\$32,609	4.6%
Donated Land	\$3,950,000	\$42,935	6.1%
Permanent Loan	\$8,790,153	\$95,545	13.6%
AHSC Loan	\$9,781,237	\$106,318	15.1%
LIHTC	\$26,769,069	\$290,968	41.3%
<b>Non-County Total</b>	<b>\$59,853,882</b>	<b>\$650,586</b>	<b>92.3%</b>
<b>County Funds</b>			
HOME	\$5,000,000	\$54,348	7.7%
<b>County Total</b>	<b>\$5,000,000</b>	<b>\$54,348</b>	<b>7.7%</b>
<b>Total</b>	<b>\$64,853,882</b>	<b>\$704,934</b>	<b>100%</b>

It is estimated that the Project will start construction during the first quarter of 2026 and approach completion in the fourth quarter of 2027. Affordability covenants will be placed on the new units to ensure the long-term preservation of affordable housing. If the Project is not successful in securing an allocation of AHSC funding, the County's funding Resolution will have no force or effect and will expire on March 12, 2025, at which time the funding can be committed to a different project.

**PROCUREMENT**

The County has been working on constructing an affordable housing project pipeline. In late February 2024, CDH released a Notice of Funding Availability for HOME funding, to which HACSB applied. The Project met all benchmarks for feasibility, impact, and project readiness.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on March 5, 2024; Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on March 4, 2024; Finance (Christopher Lange, Administrative Analyst, 386-8393) on March 5, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0238) on March 5, 2024.

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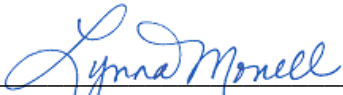
Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: March 12, 2024



cc: File - Community Development & Housing w/resolution  
CCM 03/13/2024