

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

March 15, 2022

FROM

GARY HALLEN, Director, Community Development and Housing

SUBJECT

HOME Loan Agreement with Rialto Metrolink South Housing Partners, L.P., a California Limited Partnership for the Rialto Metrolink South Affordable Housing Development in the City of Rialto

RECOMMENDATION(S)

1. Approve HOME Investment Partnership Program Loan **Agreement No. 22-187** and all related loan documents, not to exceed \$2,250,000, with Rialto Metrolink South Housing Partners L.P., a California Limited Partnership to construct 55 affordable housing units.
2. Authorize the Chief Executive Officer or the Deputy Executive Officer of Community Revitalization, subject to review by County Counsel, to make necessary non-substantive modifications to the exhibits attached to the HOME Investment Partnership Program Loan Agreement to conform to the transaction and execute all required documents, including escrow agreements, related to this transaction.
3. Direct the Community Development and Housing Director to transmit all related documents to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Gary Hallen, Director, 387-4411)

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.

FINANCIAL IMPACT

Approval of this item will not result in the use of any Discretionary General Funding (Net County Cost). The total project cost for construction of the Rialto Metrolink South Affordable Housing Development (Project) is \$28,744,673. The County HOME Investment Partnership Program (HOME) funds in an amount not to exceed \$2,250,000, through a HOME Loan Agreement with Rialto Metrolink South Housing Partners, L.P., a California Limited Partnership (Developer), will be applied towards the financing of 55 units of affordable housing in the City of Rialto (City), and the remaining cost will be funded with non-County funds as detailed in the Background section. Sufficient appropriation and revenue for the maximum amount of \$2,250,000 of County housing HOME funds are available in the Community Development and Housing (CDH) 2021-22 budget and will be included in future budgets.

BACKGROUND INFORMATION

The Project will be located on the north side of the Bonnie View Avenue, adjacent to the Rialto Metrolink Station, in the City. The development partnership includes: The Related Companies

**HOME Loan Agreement with Rialto Metrolink South Housing Partners, L.P., a California Limited Partnership for the Rialto Metrolink South Affordable Housing Development in the City of Rialto
March 15, 2022**

of California, LLC, La Barge Industries, Inc., and National Community Renaissance of California, who collectively make up Developer. The HOME Loan Agreement with the Developer will provide \$2,250,000 of County HOME funds towards the financing of 55 units of affordable housing in the City. The term of the loan is for 57 years at 3% interest and requires an affordability covenant that will restrict rents for low and moderate-income residents.

The County-imposed regulatory agreement ensures that the nine HOME-assisted affordable units remain affordable for 55 years. The County’s commitment of up to \$2,250,000 would equate to \$40,909 per unit. The total project cost is estimated to be \$28,744,673, which equals to an overall per unit cost of \$522,630. The Housing Authority of the County of San Bernardino committed eight Project Based Vouchers to the Project on July 22, 2021. The vouchers will assist with servicing low-income individuals and families for a period of 20 years. The Project sources are as follows:

Permanent Sources	Amount	Cost Per Unit	Percentage of Total
Non-County Funds			
State Tax Credit Equity	\$17,435,673	\$317,012	61%
City of Rialto Funds	\$7,580,000	\$137,818	26%
Developer Permanent Loan	\$1,479,000	\$26,891	5%
County Funds			
County HOME	\$2,250,000	\$40,909	8%
Total	\$28,744,673	\$522,630	100%

Recommendation No. 2 authorizes the Chief Executive Officer or the Deputy Executive Officer of Community Revitalization to execute required documents, including escrow agreements, related to this transaction.

On June 22, 2021 (Item No. 33), the Board of Supervisors (Board) adopted a resolution committing up to \$2,250,000 of HOME funds with the Developer to construct the Project. The County’s commitment of \$2,250,000 leveraged the project’s competitiveness as the Developer applied for 9% Round 2 of Low-Income Housing Tax Credits (LIHTC) resources.

In March 2021, the Developer applied for an allocation of Round 1 LIHTC funds; however, the Developer was unsuccessful in securing funds in the first round. The Developer reapplied in July 2021 for Round 2 LIHTC. In September 2021, the Developer was notified by the Tax Credit Allocation Committee that the project received an allocation of LIHTC. At this time, the Developer has secured all necessary funding sources to develop the project.

On December 8, 2020, the City approved its commitment of City funds in support of the Project. On June 22, 2021, the City reaffirmed its commitment to the Project.

PROCUREMENT

In March 2021, CDH released a Request for Interest (RFI) for proposed projects. The goal of the RFI was to help identify projects in cities and unincorporated areas that the County can assist with building a housing investment strategy aimed at expanding the County’s affordable housing pipeline. The focus of the RFI was to find projects that are shovel ready, have city support, currently have site control and/or entitlements, or are concepts that can be developed

**HOME Loan Agreement with Rialto Metrolink South Housing Partners,
L.P., a California Limited Partnership for the Rialto Metrolink South
Affordable Housing Development in the City of Rialto
March 15, 2022**

over the next several years. In April 2021, the City, in partnership with the Developer, responded with a complete proposal. The Project was selected to move forward as it is fully entitled, has City funding and support, has an experienced development team to have a financing model completed, and is shovel ready. Other projects submitted in the RFI process are still under evaluation and will be brought back to the Board upon completeness and readiness to apply for future funding opportunities.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on February 25, 2022; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on February 24, 2022; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on February 28, 2022.

**HOME Loan Agreement with Rialto Metrolink South Housing Partners,
L.P., a California Limited Partnership for the Rialto Metrolink South
Affordable Housing Development in the City of Rialto
March 15, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Janice Rutherford Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 15, 2022



cc: CDH- Hallen w/agree
Contractor- C/O CDH w/agree
File- w/agree

LA 03/16/2022