

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

May 7, 2024

FROM

CARRIE HARMON, Director, Community Development and Housing Department

SUBJECT

Amendment to Affordable Housing Loan Agreement with Eagle Hesperia 55 II, L.P. for Affordable Housing

RECOMMENDATION(S)

Approve **Amendment No. 1 to Affordable Housing Loan Agreement No. 21-1033** with Eagle Hesperia 55 II, L.P., for the affordable housing development located at 13590 Avenal Street in Hesperia, to extend the construction completion date from February 1, 2023, to August 15, 2024, with no change to the agreement amount of \$5,500,000.
(Presenter: Carrie Harmon, Director, 382-3983)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Implement the Countywide Vision.

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 additional Discretionary General Funding (Net County cost). Affordable Housing Loan Agreement No. 21-1033 (Agreement), totaling \$5,500,000, is funded through a General Fund loan issued to the Community Development and Housing Department (CDH) using the First District's Priorities Program budget. Adequate appropriation and revenue have been included in CDH's 2023-24 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

On September 21, 2021 (Item No. 18) and on November 16, 2021 (Item No. 32), the Board of Supervisors (Board) approved the Board Discretionary Fund – District Specific Priorities Program to include an allocation of \$4 million and \$7 million, respectively, from the Discretionary General Fund for each of the five supervisorial districts for projects that meet a public purpose and provide services that promote health, safety, economic well-being, and enhance quality of life of County citizens.

On December 14, 2021 (Item No. 34), the Board approved the Agreement with Eagle Hesperia 55 II, L.P. (Developer) in the amount of \$5,500,000 for the construction of a 96-unit affordable senior rental housing development located at 13590 Avenal Street in Hesperia (Project). The Project is in alignment with the District Specific Priorities Program by supporting the construction of a new senior housing development in the First District. Approval of Amendment No. 1 to the

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Agreement will extend the construction completion date to August 15, 2024, and will bring the Developer in compliance with the Agreement.

The Developer is diligently pursuing the completion of the Project, which consists of the construction of four two-story buildings, each containing 24 housing units, a recreation/fitness center, leasing office, media room, pool, and spa. Once completed, the Project will restrict 20 units to very low-income seniors (50% of Area Median Income [AMI]) and 76 units to low-income seniors (80% of AMI) for 55 years.

Pursuant to the Agreement, construction was to be completed on February 1, 2023. However, due to increased lumber pricing and a worldwide shortage of electrical components, framing of the residential buildings did not commence until July 27, 2023. Listed in the table below is a summary of the delays.

| Hardship | Cause of Delay | Outcome |
|---|-----------------------|----------------|
| Lumber Shortage & Price Increase | Lumber mill closure | 3-month delay |
| COVID-19 | Workforce shortage | 9-month delay |
| Worldwide Electrical Component Shortage | 12-month backorder | 9-month delay |

The Developer continued to complete the areas around the site that were not affected by material or workforce shortages. Doing so allowed the project to move forward while awaiting the delivery of backordered items. These continued efforts meant the Project was never dormant, resulting in only having to extend the completion of the Project through August 15, 2024.

CDH will continue facilitating the Project, including the completion of various due diligence activities to include review of physical site assessments and monitoring.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on April 2, 2024; Finance (Christopher Lange, Deputy Director, 386-8393) on April 18, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0238) on April 22, 2024.

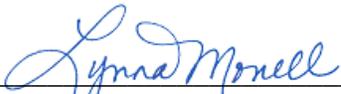
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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: May 7, 2024



cc: CDH - Harmon w/agree
Contractor - c/o CDH w/agree
File - w/agree
CCM 05/9/2024