



San Bernardino County

Legislation Text

File #: 7431, Agenda Item #: 21

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

January 24, 2023

FROM

DIANA ATKESON, Interim Director, Community Development and Housing Department

SUBJECT

Refinancing of The Crossings Apartments in the City of Rialto

RECOMMENDATION(S)

1. Consent to the refinancing of The Crossings loan by Rialto Housing Partners, L.P.
2. Approve Amendment No. 2 to HOME Investment Partnership Agreement No. 99-1165 with San Bernardino County and Southern California Housing Development Corporation of the Inland Empire, the Managing General Partner of Rialto Housing Partners, L.P. to clarify the Annual Operating Expenses and Residual Receipts definitions, outline repayment terms, and incorporate a schedule for repairing the capital improvements needed.
3. Designate the Chief Executive Officer or the Deputy Executive Officer of Community Revitalization, to execute and make non-substantive changes to the documents, if needed, to complete the short-term Bridge Loan refinance, subject to review by County Counsel.
4. Direct the Chief Executive Officer or the Deputy Executive Officer of Community Revitalization to transmit all documents regarding the short-term Bridge Loan, including non-substantive changes, to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Diana Atkeson, Interim Director, 382-3983)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

Approval of this item will not impact Discretionary General Funding (Net County cost). This is a proposed short-term refinance which will not result in any new costs for the County. Rialto Housing Partners, L.P. (Developer) will pay the cost associated with the refinancing of the short-term loan. No additional HOME program funds will be allocated to The Crossings apartments in the City of Rialto.

BACKGROUND INFORMATION

On December 14, 1999 (Item No. 12), the Board of Supervisors (Board) approved HOME Investment Partnership Agreement No. 99-1165 (County Loan) agreeing to provide a \$1,000,000 loan of federal HOME Investment Partnerships Program (HOME Program) funds to the Southern California Housing Development Corporation of the Inland Empire (SCHDCIE), for the construction of a 100-unit affordable rental housing project known as The Crossings, located in the City of Rialto at 177 West South Street. HOME Program funds

were used to make five two-bedroom units and six three-bedroom units affordable and available to residents earning 50% or less of the area median income (AMI) for a period of 55 years from initial occupancy (through 2056). The County Loan was secured by a Deed of Trust, which was recorded in second lien position; however, the County Loan will not be subordinate to the new Bridge Loan. Refinancing of the existing Bridge Loan and any Modification to HOME Agreement No. 99-1165 requires Board approval by the County.

On January 14, 2000 (Item No. 1), the Board approved Amendment No. 1 to HOME Investment Partnership Agreement No. 99-1165 revising Section 103, Limitations Upon Change in Ownership, Management and Control of the Borrower and the Designated Owner, to satisfy the Low-Income Housing Tax Credit requirements, while still meeting the policies and requirements of the federally funded, County-implemented HOME Loan Program.

On August 8, 2017 (Item No. 12), the Board consented to the refinance of a \$2,500,000 senior loan and allowed by the Developer to proceed with a short-term \$2,255,000 Bridge Loan provided by Century Housing Corporation for The Crossings development.

The outstanding Bridge Loan matured on August 24, 2022, and the Developer was subsequently granted an extension to January 24, 2023.

The Developer is currently in the process of securing a new Bridge Loan to pay off the current existing Bridge Loan. The Bridge Loan will be provided by National Community Renaissance of California (CORE), a California nonprofit public benefit corporation, in an amount not to exceed \$2,255,000, that will have an interest rate of 5%, and be on an interest-only repayment schedule. Payments of interest shall be made over the course of the five-year term. The Developer has requested that the County consent to the refinance of the existing Bridge Loan and allow the Developer to proceed with the Bridge Loan provided by CORE.

The CORE Bridge Loan will be secured by a deed of trust that will be recorded at the closing of the refinance. As a condition to consenting to the refinance, Amendment No. 2 will amend the HOME Investment Partnership Agreement No. 99-1165 to clarify the Annual Operating Expenses and Residual Receipts definitions, outline repayment terms, and incorporate a schedule for repairing the capital improvements needed. The refinancing will allow the Developer more time to prepare long-term financing options for the project, which may include a re-syndication of the tax credit, a conventional refinancing of the senior debt, or other long-term refinancing options. The County will continue to work with the Developer to determine the impacts related to the Developer's various proposed financing plans, including impacts to cash flow, economic impacts to tenants, and the scope and budget of proposed capital improvements.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on January 19, 2023; Finance (Christopher Lange, Administrative Analyst, 386-8393) on January 11, 2023; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0238) on January 13, 2023.