

**REDEVELOPMENT AGENCY OF  
THE TOWN OF APPLE VALLEY, CALIFORNIA**

**AGENDA MATTER**

**Subject Item:**

**OWNER PARTICIPATION AGREEMENT BETWEEN THE APPLE VALLEY REDEVELOPMENT AGENCY AND HOUSING PARTNERS I, INC., FOR THE DEVELOPMENT OF AN 80-UNIT SENIOR HOUSING PROJECT.**

**Background:**

On May 8, 2007, the Town Council approved a HOME Fund Reservation Commitment Agreement in the amount of \$225,000 for acquisition and development costs related to construction of affordable housing located in Apple Valley.

On February 4, 2009, the Planning Commission approved Conditional Use Permit No. 2008-014 to construct 80 affordable senior housing units.

On March 10, 2009, Town Council/Redevelopment Agency Board, in closed session, approved, in concept, the business terms of the proposed Owner Participation Agreement.

**Summary Statement:**

Housing Partners I was created in 1991 to develop, own and manage affordable housing counseling services to low and moderate income people in the County of San Bernardino. As a nonprofit 501(c) (3) public benefit corporation, HPI is also designated as a Community Housing Development Organization (CHDO), a HUD designation that makes it possible to receive HOME Investment Partnerships Program (HOME) funds from the Town of Apple Valley. Each year Apple Valley must set aside a minimum 15% of its annual allocation for CHDO projects. To date, the Town has set aside \$822,695 for CHDOs and the development of affordable housing.

Housing Partners I is an experienced, affordable housing developer that has established successful partnerships to develop housing in such cities as Redlands, Fontana, Loma Linda and unincorporated portions of San Bernardino County. To date, Housing Partners I has acquired and/or developed 437 housing units and is working on 151 additional units through current projects.

**Recommended Action:**

That the Apple Valley Redevelopment Agency approve the Owner Participation Agreement/Loan Agreements between the Town of Apple Valley and Housing Partners I; and authorize the Executive Director to execute the subject agreements.

**Proposed by Economic Development & Housing Div. Item Number \_\_\_\_\_**

**T. M. Approval:** \_\_\_\_\_ **Budgeted Item**  **Yes**  **No**  **N/A**

**Subject Item (Continued):**

**OPA BETWEEN THE APPLE VALLEY REDEVELOPMENT AGENCY AND HOUSING PARTNERS I**

Housing Partners I proposes to develop an affordable 80 unit senior rental project located on Sequoia Road, immediately south of Bear Valley Road and west of Kiowa Road. The site consists of a two (2) story building on 4.82 acres and is appropriately zoned Residential – Multi-Family (R-M). The senior project is comprised of 72 one-bedroom and 7 two-bedroom units consisting of 650 and 886 square feet of livable area respectively. The complex also includes amenities such as a recreation building and common open space.

A total of 79 of the 80 units will be subject to a 55 year affordability covenant. One (1) unit will house an apartment manager. Rents will range between \$374 - \$749 for a one-bedroom unit; and \$449 - \$896 for a two-bedroom unit. The rent charged will be dependent upon the income of each tenant household. A list of the proposed tenant mix by income category is provided below:

	<u>30% of AMI</u>	<u>45% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>
<b>One-Bedroom</b>	<b>6</b>	<b>17</b>	<b>28</b>	<b>17</b>
<b>Two-bedroom</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>2</b>

The total development costs are anticipated to be \$14,131,034. The offset proposed Owner Participation Agreement would provide \$2,250,000 in funding to off-set a portion of the development costs based upon the following breakdown: HOME - \$822,695, RDA Housing Fund - \$1,402,305. Housing Partners I will fund the balance with a combination of loans, rental assistance and tax credits, assuming it is successful in competing for the next round of allocations. Housing Partners I intends to submit their tax credit allocation by the June 8, 2009 deadline.

The proposed infusion of funds comprises approximately 15.9% of the total anticipated development costs. The Town's contribution is necessary and appropriate to ensure that the project is 100% affordable and remains so for a period of 55 years. Successful development of this project will provide affordable housing opportunities to financially needy seniors, and will assist the Town in meeting both federal and state mandates relative to the production of affordable housing.

A copy of the proposed Owner Participation Agreement is available for review in the Town Clerk's office.

Staff recommends approval of the subject Owner Participation Agreement.