



AGENDA AND NOTICE OF THE SPECIAL MEETING OF THE
SAN GABRIEL VALLEY REGIONAL HOUSING TRUST FUND BOARD OF
DIRECTORS

MONDAY, DECEMBER 21, 2020 – 1 P.M.

Teleconference Meeting

Livestream Available at: sgvrht.org

SGVRHT Officers

Chair

Jed Leano

Vice-Chair

Becky Shevlin

Jurisdictional

Representatives

Northeast Representative

Gary Boyer, Glendora

Northwest Representative

Becky Shevlin, Monrovia

Central Representative

Jerry Velasco, El Monte

Southeast Representative

Patty Cortez, Covina

At-Large Representatives

Adele Andrade-Stadler,

Alhambra

Margaret Finlay, Duarte

Housing/Homeless

Experts

Jed Leano (Delegate)

Carol Averell (Alternate)

Benita DeFrank (Delegate)

Alma Martinez (Alternate)

Members

Alhambra

Arcadia

Azusa

Baldwin Park

Claremont

Covina

Diamond Bar

Duarte

El Monte

Glendora

Irwindale

La Verne

Monrovia

Pomona

South El Monte

South Pasadena

West Covina

Thank you for participating in today's meeting. The Board of Directors encourages public participation and invites you to share your views on agenda items.

MEETINGS: The Board of Directors agenda packet is available at the San Gabriel Valley Regional Housing Trust (SGVRHT) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, www.sgvrt.org. Copies are available via email upon request (bacevedo@sgvrht.org). Documents distributed to a majority of the Board after the posting will be available for review in the SGVCOG office and on the SGVRHT website. Your attendance at this public meeting may result in the recording of your voice.

PUBLIC PARTICIPATION: Your participation is welcomed and invited at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks.

TO ADDRESS THE GOVERNING BOARD: At a regular meeting, the public may comment on any matter within the jurisdiction of the Board of Directors during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. There is a three-minute limit on all public comments. Proxies are not permitted, and individuals may not cede their comment time to other members of the public. **The Board of Directors may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the Board of Directors. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Board of Directors can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Board of Directors.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19: On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Board Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the San Gabriel Valley Regional Housing Trust Fund Board of Directors meeting scheduled for August 5, 2020 at 10 AM will not be allowed. Members of the public may view the meeting live on the SGVCOG's website. To access the meeting video, please see the link on the front page of the agenda.

Submission of Public Comments: For those wishing to make public comments on agenda and non-agenda items you may submit comments via email or by phone.

- Email: Please submit via email your public comment to Brielle Acevedo at bacevedo@sgvrht.org at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be part of the recorded meeting minutes but will not be read aloud. A copy of all public comments will be forwarded to the Committee.
- Phone: Please email your name and phone number to Brielle Acevedo at bacevedo@sgvrht.org at least 1 hour prior to the scheduled meeting time for the specific agenda item you wish to provide public comment on. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." You will be called on the phone number provided at the appropriate time, either during general public comment or specific agenda item. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Brielle Acevedo at least 48 hours prior to the meeting at (626) 209-9238 or at bacevedo@sgvrht.org.

PRELIMINARY BUSINESS

5 MINUTES

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

ACTION ITEMS

5 MINUTES

5. Loan Guidelines- Page 1
Recommended Action: Adopt Resolution 20-22 approving the SGVRHT loan guidelines.
6. Underwriting Standards and Procedures- Page 7
Recommended Action: Adopt Resolution 20-23 approving underwriting standards and procedures.

ADJOURN

REPORT

DATE: December 21, 2020
TO: Board of Directors
FROM: Marisa Creter, Executive Director
RE: **LOAN GUIDELINES**

RECOMMENDED ACTION

Adopt Resolution 20-22 approving the SGVRHT loan guidelines.

BACKGROUND

The SGVRHT submitted an application to the State's Local Housing Trust Fund (LHTF) grant program in August 2020. The application required loan guidelines to be included in the submittal. The Board approved SGVRHT loan guidelines at the July 22, 2020 board meeting. The State has since requested an update to the loan guidelines to include requirements for debt coverage and operating expenses which have been incorporated into the attached Loan Guidelines and are highlighted below.

Debt Coverage Ratio

Between 1.10:1 and 1.20:1 unless a senior lender has a higher requirement.

Operating Expenses

Total Operating Expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327 as minimum Operating Expenses. An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. Projects utilizing tax credits must satisfy the operating cost minimums published by CTCAC for Los Angeles County and the applicable project type and year. In the event that the equity investor and the permanent lender are in place and provide evidence that they have agreed to lesser operating expenses, the SGVRHT Board of Directors may agree to such lesser operating expenses.

HCD funded projects

If HCD funding is utilized in combination with SGVRHT funding, such as with Local Housing Trust Fund (LHTF) program, the SGVRHT and Borrower will comply with all HCD regulations and requirements.

Prepared by: Brielle Acevedo
Brielle Acevedo
Principal Management Analyst

Approved by: Marisa Creter
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – Resolution 20-22 SGVRHT Loan Guidelines

RESOLUTION NO. 20-22

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
(TRUST) APPROVING LOAN GUIDELINES**

WHEREAS, the Board of Directors approved SGVRHT loan guidelines at the July 22, 2020 meeting; and

WHEREAS, the loan guidelines have been amended to included debt service coverage and operating expense requirements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves the Loan Guidelines, attached hereto and incorporated herein as Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 21st day of December 2020.

San Gabriel Valley Regional Housing Trust

Jed Leano, Chair

Exhibit A

San Gabriel Valley Regional Housing Trust
Loan Guidelines

Background

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a joint-powers authority formed in February 2020 for the purposes of funding and financing the planning and construction of affordable housing serving extremely-low, very-low, and low-income households and homeless housing (e.g. emergency shelters, permanent supportive housing, transitional housing) in the San Gabriel Valley. Any city in the San Gabriel Valley can join the SGVRHT and, at this time, there are 20 member cities.

The SGVRHT is governed by a Board of Directors made-up of elected officials from 7 cities that are members of the SGVRHT and 2 members that are housing or homeless experts. The Board of Directors is responsible for overseeing the activities of the SGVRHT and administration of the SGVRHT Fund. The SGVRHT Fund provides an ongoing funding source for affordable housing and homeless housing projects specifically in the San Gabriel Valley.

Loan Purpose

The SGVRHT will provide financing for Eligible Projects for the planning and construction of extremely low, very-low, and low-income projects, as well as homeless housing projects.

Eligible Projects

Eligible projects include but are not limited to the following:

- New Multi-Family Rental Construction (up to 80% AMI)
- Multi-Family Rental Rehabilitation (up to 80% AMI)
- Affordable Housing Preservation (up to 80% AMI)
- Permanent Supportive Housing
- Transitional Housing
- Homeless Housing
- Homeless Shelter Projects

Projects must be located in a member city and must be supported by the member jurisdiction in order to be eligible for funding.

Eligible Borrowers

Eligible Borrowers include non-profit and for-profit organizations, joint ventures, or partnerships that serve the loan purpose.

Funding Availability

SGVRHT continuously seeks additional capital from public and private sources. Awards will be sized based on number of eligible projects and available funds.

Term and Affordability Period

Loans will be for a term of fifty-five (55) years, from the date of Certificate of Occupancy, except as approved by SGVRHT. Affordability requirements will be recorded with a Regulatory Agreement executed at closing. Except as approved by the SGVRHT Board of Directors, all projects shall be required to maintain the project's affordability for the term of the restrictive covenant, regardless of whether the loan is fully repaid.

Interest Rate

3% simple interest unless otherwise determined during underwriting.

Debt Coverage Ratio

Between 1.10:1 and 1.20:1 unless a senior lender has a higher requirement.

Operating Expenses

Total Operating Expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327 as minimum Operating Expenses. An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. Projects utilizing tax credits must satisfy the operating cost minimums published by CTCAC for Los Angeles County and the applicable project type and year. In the event that the equity investor and the permanent lender are in place and provide evidence that they have agreed to lesser operating expenses, the SGVRHT Board of Directors may agree to such lesser operating expenses.

HCD funded projects

If HCD funding is utilized in combination with SGVRHT funding, such as with Local Housing Trust Fund (LHTF) program, the SGVRHT and Borrower will comply with all HCD regulations and requirements.

Repayment and Monitoring

The loan will be typically structured as a residual receipts loan except as otherwise approved by the SGVRHT. The loan for the project will be repaid from the Net Operating Income (NOI), if any. Borrowers will be required to submit rent rolls and operating expenses within ninety (90) days after the close of each fiscal year.

Due Diligence

Borrowers will be asked to provide due diligence with their applications which may include but is not limited to the following:

- Preliminary Title Report
- Appraisal
- Phase I Environmental Report
- Preliminary development estimate and narrative
- Proposed sources and uses

Disbursement of Funds

Loan funds will be made available at the closing of the construction loan and/or closing of the permanent loan.

Program Documents

Loans will be provided in the form of a Promissory Note, secured by a DOT. Regulatory Agreements will be recorded to secure affordability covenants. Borrower and SGVRHT will enter into Development Agreement for construction loans.

Equal Housing Opportunity

All developments receiving SGVRHT funding from governmental revenue sources must comply with applicable Equal Housing Opportunity laws.

REPORT

DATE: December 21, 2020

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **UNDERWRITING STANDARDS AND PROCEDURES**

RECOMMENDED ACTION

Adopt Resolution 20-23 approving underwriting standards and procedures.

BACKGROUND

The SGVRHT submitted an application to the State's Local Housing Trust Fund (LHTF) grant program in August 2020. The application required underwriting standards and procedures to be included in the submittal. The Board approved SGVRHT underwriting standards and procedures at the July 22, 2020 board meeting. The State has since requested an update to the underwriting standards and procedures to include requirements for debt coverage and operating expenses which have been incorporated into the attached Underwriting Standards and Procedures and are highlighted below.

Operating Expenses	Total Operating Expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327 as minimum Operating Expenses. An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. Projects utilizing tax credits must satisfy the operating cost minimums published by CTCAC for Los Angeles County and the applicable project type and year. In the event that the equity investor and the permanent lender are in place and provide evidence that they have agreed to lesser operating expenses, the SGVRHT Board of Directors may agree to such lesser operating expenses.
Debt Coverage Ratio	Between 1.10:1 and 1.20:1 unless a senior lender has a higher requirement.
HCD funded projects	If HCD funding is utilized in combination with SGVRHT funding, such as with Local Housing Trust Fund (LHTF) program, the SGVRHT and Borrower will comply with all HCD regulations and requirements.

Prepared by: Brielle Acevedo
Brielle Acevedo
Principal Management Analyst

Approved by: Marisa Creter
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – Resolution 20-23 Underwriting Standards and Procedures

RESOLUTION NO. 20-23

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
APPROVING UNDERWRITING STANDARDS AND PROCEDURES**

WHEREAS, the Board of Directors approved SGVRHT Underwriting Standards and Procedures at the July 22, 2020 meeting; and

WHEREAS, the Underwriting Standards and Procedures have been amended to include debt service coverage and operating expense requirements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves the Underwriting Standards and Procedures, attached hereto and incorporated herein as Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 21st day of December 2020.

San Gabriel Valley Regional Housing Trust

Jed Leano, Chair

Exhibit A

San Gabriel Valley Regional Housing Trust

Underwriting Standards and Procedures

Background

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a joint-powers authority formed in February 2020 for the purposes of funding and financing the planning and construction of affordable housing serving extremely-low, very-low, and low-income households and homeless housing (e.g. emergency shelters, permanent supportive housing, transitional housing) in the San Gabriel Valley. Any city in the San Gabriel Valley can join the SGVRHT and, at this time, there are 20 member cities (Exhibit A).

The SGVRHT is governed by a Board of Directors made-up of elected officials from 7 cities that are members of the SGVRHT and 2 members that are housing or homeless experts. The Board of Directors is responsible for overseeing the activities of the SGVRHT and administration of the SGVRHT Fund. The SGVRHT Fund provides an ongoing funding source for affordable housing and homeless housing projects specifically in the San Gabriel Valley.

Loan Review Process

The Board of Directors will review applications on a regular basis, in alignment with funding availability. Upon project funding recommendation, project sponsors will be asked to submit supplementary information to support the initial application and determine final project funding recommendations.

Underwriting Guidelines

Preliminary underwriting guidelines are noted below.

Eligible Borrower	Non-profit and for-profit organizations, joint ventures, or partnerships applying on behalf on an eligible development
Eligible Developments	Include but not limited to the following: • New Multi-Family Rental Construction (up to 80% AMI) • Multi-Family Rental Rehabilitation (up to 80% AMI) • Affordable Housing Preservation (up to 80% AMI) • Permanent Supportive Housing • Transitional Housing • Homeless Housing • Homeless Shelter Projects must be located in a member city and must be supported by the member jurisdiction in order to be eligible for funding.
Eligible Use of Funds	Predevelopment, Acquisition, Construction loan, Permanent loan
Eligible Households	Extremely low, very low, low and moderate income households (Up to 80% AMI)
Interest Rate	3% simple interest unless otherwise approved by SGVRHT
Loan Term	Loans will be for a term of fifty-five (55) years, from the date of Certificate of Occupancy, except as approved by SGVRHT
Origination Fee	An origination fee of 1% may be assessed

Compliance Monitoring Fee	An annual compliance monitoring fee will be negotiated during underwriting
Cash Flow	Borrowers will submit a proforma with their applications showing positive cash flow for a 15-year period
Loan Payments	The loan will be typically structured as a residual receipts loan except as otherwise approved by the SGVRHT
Operating Expenses	An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. Total Operating Expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327 as minimum Operating Expenses. Projects utilizing tax credits must satisfy the operating cost minimums published by CTCAC for Los Angeles County and the applicable project type and year. In the event that the equity investor and the permanent lender are in place and provide evidence that they have agreed to lesser operating expenses, the SGVRHT Board of Directors may agree to such lesser operating expenses.
Debt Coverage Ratio	Between 1.10:1 and 1.20:1 unless a senior lender has a higher requirement.
HCD funded projects	If HCD funding is utilized in combination with SGVRHT funding, such as with Local Housing Trust Fund (LHTF) program, the SGVRHT and Borrower will comply with all HCD regulations and requirements.

Exceptions to Underwriting Guidelines

The SGVRHT may, at its sole discretion, approve a loan that does not conform with the above underwriting guidelines if approving the loan will provide significant benefits to the local community or SGVRHT. Each loan request is evaluated on its own merits. The SGVRHT has the authority to approve a loan with one or more waivers and/or exceptions to these guidelines.

For additional information, please contact the Housing Trust Fund at:
 Brielle Acevedo, Housing Trust Administrator
 San Gabriel Valley Regional Housing Trust
bacevedo@sgvrht.org