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**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Economic Development Agency      **SUBMITTAL DATE:** June 12, 2003

**SUBJECT:** Loan Agreement for the Use of HOME Investment Partnerships Act Funds for Cottonwood Place II Apartments in the City of Moreno Valley

**RECOMMENDED MOTION:** That the Board of Supervisors:

- 1) Approve the attached Loan Agreement for the use of \$750,000 in HOME Program Funds with the Heacock Cottonwood II, L.P.;
- 2) Authorize the Chairman of the Board to sign the attached Agreement; and
- 3) Authorize the Assistant County Executive Officer, Economic Development Agency (Assistant CEO/EDA) to take all necessary steps to implement this Agreement, including signing subsequent essential and relevant documents.

**BACKGROUND:**

Heacock Cottonwood II, L.P., a California Limited Partnership (the "Applicant"), is proposing to use \$750,000 in HOME funds to pay a portion of the construction costs for a 61unit multi-family housing complex featuring three-bedroom units for rental to large families.

(cont'd)

*Bradley J. Hudson*  
Bradley J. Hudson, Assistant CEO/EDA

**FINANCIAL DATA:**

CURRENT YEAR COST: \$750,000

NET COUNTY COST: \$0

BUDGET ADJUSTMENT: No

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnerships Act Grant Funds

ANNUAL COST \$0  
IN CURRENT YEAR BUDGET: Yes  
FOR FY: 2003/2004

**C.E.O. RECOMMENDATIONS:**

**APPROVE**

County Executive Officer Signature: *Rhonda King*

**Prev. Agn. Ref.**

3.7 – April 22, 2003

3.12 – March 18, 2003

3.25 – June 5, 2001

**Dist.**

5th

**AGENDA NO.**

**3.13**

**ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD**

FORM APPROVED  
COUNTY COUNSEL

JUN 20 2003

Department Recommendation:  Consent  Policy  
Per Executive Office:  Consent  Policy

Form 11  
June 12, 2003

Loan Agreement for the Use of HOME Investment Partnerships Act Funds for Cottonwood  
Place II Apartments in the City of Moreno Valley

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**BACKGROUND (Cont'd):**

Heacock Cottonwood II, L.P. is a single asset, single activity partnership created to own and operate the complex and has Palm Desert Development Company, a California corporation, and Housing Corporation of America, a Utah non-profit corporation, as its general partners. Palm Desert Development Company will develop the complex.

The project will be constructed on a 6.5-acre site at the southeast corner of Cottonwood Avenue and Heacock Street in the City of Moreno Valley ("City"). The development will include a community building of approximately 1,800 square feet with a community meeting room, kitchen, restrooms, laundry facilities, a swimming pool, and a tot lot. One manager unit will be located on the upper floor of the community room. The individual units come equipped with central heating and air conditioning, full kitchens (including refrigerator, dishwasher, range, and garbage disposal), and a balcony or patio area. Each three-bedroom unit will be approximately 1,075 square feet.

The estimated total development cost for the project is approximately \$9,263,599. Heacock Cottonwood II, L.P. will use HOME funds for planning submittal fees and construction costs. Other funding sources include: a limited partner tax credit equity contribution of \$6,000,769; a City Redevelopment Agency loan of \$762,000; a deferred developer's fee of \$171,276; and a loan of \$1,579,554. The 25% percent HOME matching funds requirement in the amount of \$187,500 will be satisfied through the below market interest loan from the City's Redevelopment AGENCY. Eleven HOME-assisted units will be set aside by the Applicant for the benefit of very-low income households for a period of at least 55 years.

On June 5, 2001, the Board approved the Notice of Finding of No Significant Impact on the Environment, and the County has received authorization from the U.S. Department of Housing and Urban Development to incur costs.

County Counsel has approved the attached Loan Agreement as to form. Staff recommends that the Board approve the Agreement.

**FISCAL IMPACT:**

The project will be funded with HOME Investment Partnerships Act grant funds, and there will be no impact on the County's General Fund.