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**SUBMITTAL TO THE BOARD OF DIRECTORS
REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Redevelopment Agency

SUBMITTAL DATE: August 28, 2003

SUBJECT: Mission Palms Senior Housing Project

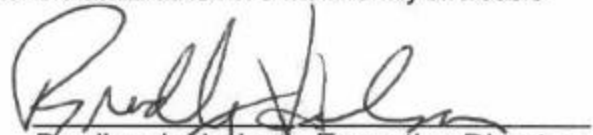
RECOMMENDED MOTION: That the Board of Directors:

- 1) Approve the Second Amendment to the Disposition and Development Agreement between the Redevelopment Agency for the County of Riverside and the Palm Desert Development Company for the Mission Palms Senior Housing Project; and
- 2) Approve the Second Amendment to the Loan Agreement, Promissory Note and Deed of Trust between the Redevelopment Agency and the Mission/LaRue Partnership for the Mission Palms Senior Housing Project; and
- 3) Authorize the Chairman of the Board of Directors to execute same.

BACKGROUND:

On June 12, 2001, a Disposition and Development Agreement (the "DDA") between Palm Desert Development Company (the "Developer") and the Redevelopment Agency for the County of Riverside (the "Agency") was approved by the Board of Supervisors and Board of Directors for the construction of a multi-family affordable

(Continued on Next Page)


Bradley J. Hudson, Executive Director

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FINANCIAL DATA:

CURRENT YEAR COST: \$2,956,398

NET COUNTY COST: \$0

BUDGET ADJUSTMENT: No

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: RDA Housing Set-Aside Funds

ANNUAL COST: \$0

IN CURRENT YEAR BUDGET: Yes

FOR FY: 2003-2004

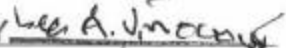
FORM APPROVED
COUNTY COUNSEL

C.E.O. RECOMMENDATIONS:

APPROVE

AUG 26 2003

County Executive Officer Signature: 

BY: 

Department Recommendation: Consent Policy
Per Executive Office: Consent Policy

Prev. Agn. Ref.

- 4.1: 6-22-99 BOD / 3.1: 7-18-00 BOS
- 13.2: 3-13-01 BOS / 3.3: 3-19-01 BOS
- 4.2: 3-20-01 BOD / 3.83: 6-5-01 BOS
- 4.4: 6-12-01 BOD / 7.1: 6-12-01 BOS
- 3.19: 8-13-02 BOS / 4.1: 9-24-02 BOD
- 4.3: 12-10-02 BOD

Dist.
2nd

AGENDA NO.

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

1 3

BACKGROUND: (cont.)

housing complex for seniors in the unincorporated community of Rubidoux (the "Project"). The Project is located at the northeast corner of Mission Boulevard and La Rue Street, in the Jurupa Valley Project Area (the "JVPA"). The DDA authorized the Agency to make a loan of \$250,000 to the Developer. The loan, promissory note, and trust deed were approved by the Board of Directors on 9-24-02.

Phase I of the Project is currently under construction and will include 108 one and two-bedroom units and infrastructure necessary to serve all phases of the Project -- collectively called "on-site" infrastructure. The Project also includes an "off-site" component, which consists of necessary public safety and revitalization improvements to Mission Boulevard, between Riverview Drive and La Rue Street. Since the DDA was first approved two years ago, the scope of both the on-site and off-site improvements has been expanded by the Agency in order to produce a superior product, provide for the health, safety and welfare of the public, and facilitate the revitalization goals of the JVPA. In addition, land use approvals required by the County resulted in new requirements for the Project. Engineering and architectural plans have been completed and finalized to a point that has allowed for a more up to date and accurate evaluation of Project costs. The Developer is requesting additional Agency assistance in the total amount of \$2,956,398 as outlined below.

On-Site Improvements

On-site infrastructure includes Project components and improvements that, while a Part of Phase I, will ultimately serve all phases of the Project. These components and improvements include, but are not limited to, two separate on-site waterlines, redesign and relocation of the Edison line that traverses the Project site, enhanced landscaping and architectural detailing, perimeter block wall with retaining wall footings and rod-iron/pilaster fencing, a community building with recreational amenities, internal paving, and the rehabilitation and landscaping of the Hillis-Hise House. The Developer has requested \$1,367,344 for on-site improvements as per Exhibit Nos. "A", "A-1" and "A-2" attached. The Developer has also requested that \$500,000 of the aforementioned additional funding be added to the existing Agency loan (Mission/La Rue Partnership) in order to maximize Project tax credits, and that the remaining \$867,344 be approved in the form of a grant.

Off-Site Improvements

In conjunction with the completion of Phase I of the Project, the Developer will complete the construction of a number of "off-site" improvements to Mission Boulevard between Riverview Drive and La Rue Street. In addition to improvements to the center median, the construction of a block wall/planter/access gate along the southerly boundary of the Riverview Mobile Home Park, and reconfiguration of the traffic signal at Mission Boulevard and La Rue Street, the scope of the off-site improvements has been expanded to include design improvements and additional infrastructure upgrades on and along both the north and south sides of Mission Boulevard, including bus shelters and improved street lighting. Also, the Agency will assume the cost of under grounding the Edison line and upgrading the waterline along the north side of Mission Boulevard in the subject area, in preparation for future anticipated development activity west of La Rue Street. The off-site improvements must be constructed at the "prevailing" wage rate, and the cost of construction has generally increased since the original engineering estimates were obtained, prior to approval of the DDA in June 2001. The Developer has requested additional assistance for off-site improvements in the form of a grant in the amount of \$1,589,054 as per Exhibit Nos. "A", "A-3" and "A-4" attached.

Second Amendment to the DDA

The addition of the requested funding in the amount of \$2,956,398 is reflected in the proposed amendment to the DDA (see attached). Exhibit No. 7 (Scope of Development: Revised No. 2), which is part of the DDA, reflects the desired revisions in Agency and Developer responsibilities. Staff is also proposing to make certain administrative changes in the DDA including the addition of several paragraphs addressing the following: the requirement of prevailing wages for off-site improvements, and an increase in the affordability period from 30 to 55 years, to correspond to the CC&Rs that run with the land on the Project site.

Second Amendment to the Loan Agreement, Promissory Note and Deed of Trust

The amended Loan Agreement reflects the requested addition of \$500,000 to the original loan of \$250,000, for a new loan amount of \$750,000. The Developer has requested a revision of the definition of one of the terms of the note as it relates to how cash flow is to be determined. The requested changes have been noted in the DDA and are reflected collectively in the proposed Second Amended Loan Agreement document (see attached).

Benefits of the Project to the JVPA

The proposed amendments to the DDA and the Loan Agreement, Promissory Note and Deed of Trust will help facilitate the completion of the Project. Completion of the Project and the off-site improvements will assist in protecting and promoting the health, safety and welfare of the public by eliminating blight and deteriorating conditions in the JVPA. The redesign and replacement of currently substandard infrastructure in the subject area along Mission Boulevard will enhance local firefighting capabilities, improve traffic flow, upgrade and underground unsightly utility lines, and provide sidewalks, street lighting and bus shelters adjacent to the Project site as specified in the conditions of approval and DDA for the Project. Completion of the off-site improvements will directly enhance the health, safety and welfare of the low-income residents of the Project and the Mission Villas Senior Apartment Complex, through the construction and upgrading of the aforementioned infrastructure. The completion of the Project and on-site improvements will increase the supply of affordable housing for low-income seniors countywide.

California Environmental Quality Act / Staff Recommendation

All requirements of the California Environmental Quality Act have been met for the Project. The off-site improvements are exempt from the California Environmental Quality Act.

County Counsel has reviewed and approved the proposed second amendment to the DDA and the Second Amendment to the Loan Agreement document as to form, and staff recommends approval of the proposed changes as reflected in the amended documents.