

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

918



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
November 4, 2003

**SUBJECT:** First Amendment to Loan Agreement for the Use of HOME Funds, Promissory Note, and Deed of Trust with Assignment of Rents for Cottonwood Place II

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

- 1) Approve the attached First Amendment to Loan Agreement, Promissory Note, and Deed of Trust for the use of \$750,000 in HOME funds with Heacock Cottonwood II, Limited Partnership;
- 2) Approve the attached Estoppel Certificate;
- 3) Authorize the Chairman of the Board to sign all of the documents; and
- 4) 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:** On July 1, 2003, the Board of Supervisors approved a Loan Agreement for the use of HOME Investment Partnerships Act Grant Funds with Heacock Cottonwood II, L.P., a California Limited Partnership, for the construction of a 61-unit family rental housing complex on a site located on the southeast corner of Cottonwood Avenue and Heacock Street in the City of Moreno Valley.

(Cont'd)

FORM APPROVED COUNTY COUNSEL  
NOV 05 2003  
BY *Bradley J. Hudson*  
Departmental Concurrence

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

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 750,000.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2003/04
<b>SOURCE OF FUNDS:</b> HOME Investment Partnerships Act Grant Funds			<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
			<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** **APPROVE**

**County Executive Office Signature** *Bhonda King*

Policy  
 Consent  
 Dep't Recomm.:  
 Policy  
 Consent  
 Per Exec. Ofc.:

**Prev. Agn. Ref.:** 3.13 -7/1/2003 | **District:** 5<sup>th</sup> | **Agenda Number:**

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

**3.15**

Form 11

November 4, 2003

First Amendment to Loan Agreement for the Use of HOME Funds, Promissory Note, and Deed of Trust with Assignment of Rents for Cottonwood Place II

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**BACKGROUND (Cont'd):**

The owner is in the process of finalizing permanent capital contributions from limited partners and has requested that the HOME loan agreement be amended to reflect changes requested by the limited partners and lenders to protect their interest in the Project. The County's financial position in the project will not be altered by the request.

The project, known as Cottonwood Place II, will include 11 HOME-assisted units set-aside for the benefit of the very low-income households for a period of at least 55 years.

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 \$2,494,000; a City of Moreno Valley Redevelopment Agency loan of \$762,000; a deferred developer's fee of \$443,938; and a loan of \$4,813,661.

County Counsel has approved the attached First Amendment to the Loan Agreement, Promissory Note, Deed of Trust with Assignment of Rents, and Estoppel Certificate as to form. Staff recommends that the Board approve the amendment.

**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.