

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

909



FROM: Economic Development Agency

SUBMITTAL DATE:
October 8, 2003

SUBJECT: First Amendment to Loan Agreement for the Use of HOME Funds, Deed of Trust, Promissory Note, and Subordination and Standstill Agreement for Heritage Park at Cathedral City

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the attached First Amendment to Loan Agreement for the use of \$750,000 in HOME Investment Partnerships Act Grant funds with Cathedral City Heritage Park, L.P.;
- 2) Approve the attached First Amendment to Deed of Trust, Promissory Note, and Subordination and Standstill Agreement;
- 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 May 20, 2003, the Board of Supervisors approved a Loan Agreement for the use of HOME Investment Partnerships Act Grant Funds with Cathedral City Heritage Park, L.P., a California Limited Partnership, for the construction of a 153-unit rental housing complex for independent living seniors on a site located on the northeast corner of McCallum Way and Date Palm Drive in the City of Cathedral City.

(cont'd)

Bradley J. Hudson

Bradley J. Hudson, Assistant CEO/EDA

FORM APPROVED
COUNTY COUNSEL

OCT 28 2003

Departmental Concurrence

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 750,000	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2002/03

SOURCE OF FUNDS: HOME Investment Partnerships Act Grant Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

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

County Executive Office Signature *Rhonda King*

Policy

Consent

Dept't Recomm.:

Policy

Consent

Per Exec. Ofc.:

Prev. Agn. Ref.: 3.6 -5/20/2003 | **District:** 4th | **Agenda Number:**

3.16

Form 11

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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 owner has requested that the County HOME loan of \$750,000 be subordinated to a \$4,800,000 first deed of trust in favor of the California Statewide Community Development Authority ("CSC"), a \$1,200,000 second deed of trust in favor of CSC, a \$2,000,000 third deed of trust in favor of CSC, and a \$2,700,000 fourth deed of trust from the Redevelopment Agency of the City of Cathedral City.

The estimated total development cost for the project is approximately \$12,758,265. Other funding sources include: a Private Activity Bond of \$6,000,000; a limited partner tax credit equity contribution of \$3,013,013; a City of Cathedral City Redevelopment Agency loan of \$2,700,000; and a deferral of \$295,252 of the developer's fee. 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.

County Counsel has approved the attached First Amendment to the Loan Agreement, Deed of Trust, Promissory Note, and Subordination and Standstill Agreement 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.