

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

604



FROM: Economic Development Agency

SUBMITTAL DATE:
July 26, 2004

SUBJECT: Loan Agreement for the Use of HOME Investment Partnerships Act Funds for Desert Hot Springs Family Apartments in the City of Desert Hot Springs

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the attached Loan Agreement for the use of 850,000 in HOME Program Funds between the County of Riverside and Verbena Housing Associates, 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: Verbena Housing Associates, L.P., a California Limited Partnership (the "Applicant"), whose general partner is Coachella Valley Housing Coalition, a certified Community Housing Development Organization, is proposing to use \$850,000 in HOME funds for the development and construction of a 60-unit rental housing complex for families.

(Cont'd)

Departmental Concurrence

Bradley J. Hudson

Bradley J. Hudson, Assistant CEO/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 850,000.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2004/05
SOURCE OF FUNDS: HOME Investment Partnerships Act 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

Bronda King

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

Prev. Agn. Ref.: 3.8 -3/30/2004

District: 5th

Agenda Number:

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

3.33

BACKGROUND (Cont'd):

The project has a mix of 12 one-bedroom, 16 two-bedroom, 20 three-bedroom, and 12 four-bedroom units. One three-bedroom unit will be set aside for on-site manager. The development will be constructed on a 6.97 acre site on the south side of Two Bunch Palms Trail and west of Verbena Drive in the City of Desert Hot Springs. The development will include a community building of approximately 1,620 square feet with a full kitchen, restrooms, laundry facilities, and a computer lab room to be used as a computer learning center. The project also features a day care center of approximately 1,654 square feet, tot lots, a sports court, a swimming pool, and barbeque areas. The individual units come equipped with central heat and air conditioning, full kitchen which includes a refrigerator, dishwasher, stove, and garbage disposal.

The estimated total development cost for the project is approximately \$10,691,981. The Applicant will use HOME funds for the reimbursement of fees, permits, and hard dwelling construction costs. Other funding sources include: a limited partner tax credit equity contribution of \$7,935,166; an Affordable Housing Program loan of \$300,000; and a Rural Rental Housing Section 515 Program loan from the U.S. Department of Agriculture (USDA) of \$1,000,000. In addition, the Applicant will contribute \$606,815 of deferred developer's fee to the development. All fifty-nine HOME-assisted units will be set aside for the benefit of Very-Low income households whose income do not exceed 50% of the Riverside County Median Income respectively for a period of at least 55 years. County HOME funds of \$850,000 shall be in a second position subordinated to a permanent financing of a first deed of trust of USDA loan.

On January 27, 2004, 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. Resolution No. 2004-119 approved by the Board on March 30, 2004, authorized the HOME allocation and funding to this development and directed staff to formalize the approval in a HOME Agreement. The project activity was included in the 2003/2004 One Year Action Plan on May 4, 2004.

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.