

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

609



FROM: Economic Development Agency

SUBMITTAL DATE:
October 15, 2004

SUBJECT: Subordination Agreement with Verbena Housing Associates L.P. for the Desert Hot Springs Family Apartments

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the attached Subordination Agreement;
- 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: On August 10, 2004 the Board of Supervisors approved a Loan Agreement for the use of HOME Investment Partnerships Act Grant Funds with Verbena Housing Associates, L.P., a California Limited Partnership whose general partner is Coachella Valley Housing Coalition, a certified Community Housing Development Organization.

Bradley J. Hudson

BJH:RZ:TF

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Bradley J. Hudson
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 850,000	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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

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*

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

 Consent
 Consent

Prev. Agn. Ref.: 3.33 - 8/10/2004 District: 5th Agenda Number: **3.7**

The loan is to be used for the development and construction of a 60-unit rental housing complex for families on a vacant 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 owner is in the process of finalizing the construction loan and has requested that the HOME loan of \$850,000 be subordinated to the construction loan of \$8,327,285 to be provided by Wells Fargo Bank, National Association.

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 estimated total development cost for the project is approximately \$10,691,981. 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 538 Program loan from the U.S. Department of Agriculture (USDA) of \$1,300,000. 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 for a period of at least 55 years.

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

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.

COMMITTEE ON
2004 OCT 15 11 30 AM
COUNCIL CHAMBERS