

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

376



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
July 12, 2005

**SUBJECT:** Subordination Agreement and Amended and Restated Loan Agreements for Vista Sunrise Apartments in the City of Palm Springs

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

- 1) Approve the attached Subordination Agreement and Amended and Restated Loan Agreement for the use of HOME Program Funds between the County of Riverside and Vista Sunrise Apartments, L.P.;
- 2) Authorize the Chairman of the Board to sign the attached Agreements; and
- 3) Authorize the Interim Assistant County Executive Officer, Economic Development Agency or her designee to take all necessary steps to implement these Agreements, including signing subsequent essential and relevant documents.

**BACKGROUND:** On December 21, 2004, the Board of Supervisors approved a Loan Agreement for the use of HOME funds with Vista Sunrise Apartments, L.P. for the development and construction of a rental housing complex for individuals and families living with HIV/AIDS.

Departmental Concurrence

RZ:ER:TF

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*for*  
Robin Zimpfer  
Interim Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 1,500,000.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0.00	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0.00	For Fiscal Year:	2005/2006

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<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**

*Bronda King*

- Policy
- Policy
- Consent
- Consent

Dept'l Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:** 3.8 -12/21/2004;3.19-7/15/2003;9.2 - 3/11/2003

**District:** 4th

**Agenda Number:**

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

3.19

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BACKGROUND (Cont'd):

The partnership is completing all the financing for this project including construction and permanent loans as well as the capital contributions from limited partners. Due to unanticipated cost increases in materials and labor, the partnership had to re-engineer the project design to keep the same subsidy as well as made some structural change to the financing as requested by construction/permanent lenders, California Housing Finance Agency and Investors Limited Partner. As a result, the partnership has proposed the following changes to the Loan Agreement to keep the project affordable and satisfy the lenders requirement:

1. Reduce the interest of the HOME loan from 1% to 0%.
2. Reduce the total number of units built from 85 units to 80 units with different bedroom configurations. As a result, the HOME-assisted units will be reduced from 84 to 39 HOME-assisted units.
3. Modify the percentage of draw request to be in proportion with the City of Palm Springs' contribution to this project as well as modify the percentage of residual receipts towards the payment of the HOME loan.
4. Admit Desert AIDS Project (DAP) and/or Coachella Valley AIDS Consortium (CVAC), a California nonprofit corporation as the managing general partner of the Owner and admit MBA Urban Development Co., a wholly owned subsidiary of McCormack Baron Salazar, Inc., as the developer general partner.
5. Subordinate the HOME Agreement to construction/permanent lender.

The Partnership has requested that the Loan Agreement be amended and restated to reflect the changes requested. The County's financial position will not be adversely affected by such request and staff recommends that the Board approve such request.

County Counsel has reviewed and approved the attached Agreements. Staff recommends that the Board approve the attached documents.

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.