

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

116



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 19, 2005

**SUBJECT:** Subordination Agreement for Lincoln Family Apartments in the Community of Mecca

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

1. Approve the attached Subordination Agreement;
2. Authorize the Chairman of the Board to execute the Subordination Agreement; and
3. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement this Agreement, including signing subsequent, essential and relevant documents.

**BACKGROUND:** On July 12, 2005, the Board of Supervisors approved a Loan Agreement for the Use of HOME Funds with Lincoln Family Apartments, L.P., a California Limited Partnership for the development and construction of a 57-unit rental housing project in the community of Mecca.

Departmental Concurrence

RZ:JC:MR:JV:ER:TF

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*Robin Zimpfer*  
\_\_\_\_\_  
Robin Zimpfer  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 950,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	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**

*Lisa Brandl*

**County Executive Office Signature**

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

**Prev. Agn. Ref.:** 3.23-7/12/2005, 16.1-5/3/05, 3.9 - 3/15/05 | **District:** 4th | **Agenda Number:**

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

3.17

BACKGROUND (Cont'd):

The developer is in the process of securing a construction loan and has requested that the County HOME loan be subordinate to the construction loan.

PROJECT DESCRIPTION:

The proposed project has a mix of 28 two-bedroom, and 28 three-bedroom units. One additional two-bedroom unit will be set aside for on-site manager. The development will be constructed on a 4.4 acre site on the southeast corner of Lincoln Street and 65<sup>th</sup> Avenue in the unincorporated community of Mecca.

The estimated total development cost for the project is approximately \$9,945,349. HOME funds will be used for the reimbursement of fees, permits, and hard dwelling construction costs. Other funding sources include: a limited partner tax credit equity contribution of \$6,728,457 and a permanent loan from AIG of \$1,751,584. Eleven 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. The remainder of the units is restricted to households whose incomes do not exceed 60% Median Income. County HOME funds of \$950,000 shall be in a second position subordinated to construction or permanent financing.

County Counsel has reviewed and approved the attached Subordination Agreement. 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 fiscal impact on the County's General Fund.