

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

425



FROM: Economic Development Agency

SUBMITTAL DATE:
January 11, 2006

SUBJECT: Loan Agreement for the Use of HOME Funds for Arroyo de Paz II Family Apartments in the city of Desert Hot Springs

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the Loan Agreement for the use of \$500,000 in HOME Program Funds between the County of Riverside and Arroyo Housing Associates, L.P.;
- 2) Approve the Subordination Agreement to Wells Fargo Bank, National Association;
- 3) Authorize the Chairman of the Board to sign the Loan and Subordination Agreements; and
- 4) Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement these Agreements, and execute subsequent essential and relevant documents.

BACKGROUND: Arroyo Housing Associates L.P., a California Limited Partnership, (the "Applicant") whose general partner is Coachella Valley Housing Coalition (CVHC), a California non-profit corporation is proposing to use \$500,000 in HOME funds for the development and construction of a 34-unit multi family housing project.

(Cont'd)

Robin Zimpfer

RZ:JC:JV:ER:TF

Robin Zimpfer
Assistant County Executive Officer/EDA

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I\Form 11s\Arroyo II Agreement-f11.doc

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|-----------------------|-------------------------------|-----------|-------------------------|-----------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$500,000 | 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

| | | |
|----------------------------------------------------------------------|----------------------------------|--------------------------|
| 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

FORM APPROVED COUNTY COUNSEL

JAN 18 2006

County Executive Office Signature

Lois Brandt

BY *Lee A. Vinocor*

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

Prev. Agn. Ref.: 3.15-12/20/05; 3.8-11/29/05; 3.24-7/12/2005 | District: 5th | Agenda Number:

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

3.10

BACKGROUND (Cont'd):

This is a two-phase multi-family housing development. The first phase of 60 units known as Arroyo de Paz I Apartments is currently being built with an estimated completion in August 2006. The second phase of this project, Arroyo de Paz II, will be developed for a total of 34 units consisting of 2 one-bedroom, 12 two-bedroom, 12 three-bedroom, and 8 four-bedroom units. The project site is located in the city of Desert Hot Springs on the south side of Two Bunch Palms Trail and west of Verbena Drive.

The loan of HOME funds will secure the affordability of 11 HOME restricted units for 55 years. The total development costs are estimated to be \$8,152,291. The developer has received federal and state tax credit reservation from the California Tax Credit Allocation Committee. 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 \$6,115,808; a Guaranteed Rural Rental Housing Loan Section 538 from the U.S. Department of Agriculture (USDA) of \$1,000,000; a \$500,000 loan from the Desert Hot Springs Redevelopment Agency. In addition, CVHC will contribute \$36,483 in equity.

On November 29, 2005, 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. 2003-319 approved by the Board authorized the HOME allocation and funding to this development and directed staff to formalize the approval in a HOME Agreement. The proposed project activity was included in the 2005/2006 One Year Action Plan of the Consolidated Plan on December 20, 2005.

The owner is in the process of obtaining a construction loan and has requested that the HOME loan of \$500,000 be subordinated to the construction loan to be provided by Wells Fargo Bank, National Association.

County Counsel has approved the attached Loan Agreement and Subordination Agreement as to form. Staff recommends that the Board approve the Agreements.

FISCAL IMPACT:

The project will be funded with HOME Investment Partnerships Act grant funds, and there will be no financial impact on the County's General Fund.