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**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Redevelopment Agency

SUBMITTAL DATE:
April 15, 2006

SUBJECT: Approval of Loan Agreement and Third Amendment to the Disposition and Development Agreement for the Mission Palms II Apartments

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the attached Loan agreement by and between the Redevelopment Agency for the County of Riverside and Mission LaRue II Limited Partnership;
2. Approve the attached Third Amendment to the Disposition and Development Agreement by and between the Redevelopment Agency for the County of Riverside and Palm Desert Development Company;
3. Approve the attached acknowledgment to the Assignment of Disposition and Development Agreement by and between Palm Desert Development Company and the Redevelopment Agency for the County of Riverside;
4. Approve the two (2) attached Subordination Agreements with Chartermac Mortgage Capital Corporation and Wells Fargo Bank, National Association;
5. Approve the attached Estoppel Certificate by and between the Redevelopment Agency for the County of Riverside and Mission LaRue II Limited Partnership;

(Recommended Motion continued on page two

Departmental Concurrence

Robin Zimpfer

RZ:JC:JV:ER:TF:LB

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Robin Zimpfer
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,400,000	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 SUPERVISORS AGENDA: No

SOURCE OF FUNDS: Low- and Moderate-Income Housing Fund

Positions To Be Deleted Per A-30

Requires 4/5 Vote

C.E.O. RECOMMENDATION:

FORM APPROVED COUNTY COUNSEL

APPROVE
Lee A. ...

APR 27 2006
BY *Lee A. ...*

County Executive Office Signature

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

Prev. Agn. Ref.: 4.3: 3/15/05;
4.3: 9/9/03; 4.1: 9/24/02; 4.4: 6/12/01

District: 2

Agenda Number:

4.3

RECOMMENDED MOTION: (continued)

6. Approve the attached Amendment and Assignment of Covenant Agreement by and among Palm Desert Development Company, Mission LaRue II Limited Partnership, and the Redevelopment Agency for the County of Riverside;
7. Authorize the Chairman of the Board to execute said attached Loan Agreement, Third Amendment to the Disposition and Development Agreement, Assignment of Disposition and Development Agreement, Subordination Agreements, Estoppel Certificate, and Amendment and Assignment of Covenant Agreement; and
8. Authorize the Executive Director, or designee, to take all necessary steps to implement these Agreements, including signing subsequent essential and relevant documents.

BACKGROUND:

On June 12, 2001, a Disposition and Development Agreement (DDA) between Palm Desert Development Company and the Redevelopment Agency for the County of Riverside (Agency) was approved by the Board of Directors for the construction of the Mission LaRue Senior Apartments (Project). The Project, located in the unincorporated community of Rubidoux, was to be completed in two (2) phases. The first phase of 108 affordable rental housing units, plus one manager unit, has been completed and the proposed second phase of the Project is an integral part of the housing development. The development is intended to be made available as affordable rental housing opportunities to low income seniors.

On March 15, 2005, Resolution 2005-075 was adopted by the Board of Directors in support of an allocation of up to \$1,400,000 in Redevelopment Low- and Moderate-Income Housing Set-Aside Funds (RDA Housing Funds) for the second phase of the Project.

Phase Two of the Project, known as the Mission Palms II Apartments, will utilize the \$1,400,000 in RDA Housing Funds for fees, permits and hard construction cost of the development and will consist of 91 affordable rental housing units, plus one manager unit. Residents of Phase Two will have full access to all community and recreational facilities completed in Phase One. All 91 remaining units shall be limited to households whose incomes do not exceed sixty percent (60%) median family income for a period of at least 55 years from the issuance of a Certificate of Occupancy. Not less than fifty percent (50%) of the total units or 45 units shall be reserved for households earning less than fifty percent (50%) median income.

The Agency Loan Agreement will be subordinated to the construction lender Wells Fargo Bank, National Association and permanent lender CharterMac Mortgage Capital Corporation.

The DDA and all its amendments will be assigned to Mission LaRue II Limited Partnership whose general partner is Palm Desert Development Company.

The Third Amendment to the DDA will provide \$1,400,000 of RDA Housing Funds for the second phase; reduce the earlier HOME loan commitment of \$1,000,000 to \$500,000; reflect the actual number of units to be developed in the second phase; and extend the completion date of development of the second phase to July 1, 2008.

County Counsel has reviewed and approved the attached Loan Agreement, Third Amendment to the DDA, Assignment of DDA, Subordination Agreements, Estoppel Certificate, and Amendment and Assignment of Covenant Agreement.