

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

914



FROM: Economic Development Agency

SUBMITTAL DATE:
July 10, 2006

SUBJECT: Second Amendment to the Amended and Restated Loan Agreement for the Use of HOME Funds, Promissory Note, and Deed of Trust for Vista Sunrise Apartments in the City of Palm Springs

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the attached Second Amendment to the Amended and Restated Loan Agreement for the Use of HOME Funds between the County of Riverside and Vista Sunrise Apartments, L.P.;
- 2) Approve the attached Subordination Agreements with the Community Redevelopment Agency of the city of Palm Springs and Western Financial Bank;
- 3) Authorize the Chairman of the Board to sign all the attached Agreements; and
- 4) Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the Agreement, including signing subsequent essential and relevant documents.

BACKGROUND: On July 26, 2005, the Board of Supervisors approved an Amended and Restated Loan Agreement for the use of HOME funds with Vista Sunrise Apartment, L.P., ("Partnership"), for the (continued on page 2).

FORM APPROVED
COUNTY COUNSEL
JUL 20 2006
[Signature]

RZ:JC:JV:ER:TF:JG

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[Signature]
Robin Zimpfer
Executive Director/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,700,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2006/2007

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**

County Executive Office Signature

[Signature]

Policy
 Consent

 Policy
 Consent

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

Prev. Agn. Ref.: 3.20-12/20/05; 3.19-7/26/05;
3.8-12/21/04; 3.19-7/15/03; 9.2-3/11/03

District: 4th

Agenda Number:

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

3.7

BACKGROUND (Cont'd):

development and construction of a rental housing complex for individuals and families living with HIV/AIDS. The Agreement called for a loan of \$1,500,000 with a 0% interest payable in 45 years.

The project has since experienced a funding shortfall due to substantial cost increase in building materials as well as landscaping cost that were not anticipated at the start of the construction. The total cost escalation to the project is estimated at \$600,000. The Partnership has requested an additional \$200,000 from the County to cover this increase. The Community Redevelopment Agency of the city of Palm Springs will contribute \$200,000, with the remaining balance from the developer and the investor limited partner. The original HOME Loan amount of \$1,500,000 would then be amended to \$1,700,000. County HOME funds of \$1,700,000 shall be in a second position subordinated to a construction or permanent financing.

The project is currently under construction with a scheduled completion of November 2006.

County's HOME Loan is in the second position behind a construction and permanent loan made to the Partnership by the California Housing Finance Agency (CalHFA). County's loan is senior to two other loans, namely the Community Redevelopment Agency of the city of Palm Springs and Western Financial Bank.

The attached Subordination Agreements between the County and each of the two Junior Lenders reinforces the County's loan position as senior to their loans.

County Counsel has reviewed and approved the attached Second Amendment to the Amended and Restated Loan Agreement for the Use of HOME Funds, Promissory Note, Deed of Trust with Assignment of Rents and all Subordination Agreements with Junior Lenders. Staff recommends that the Board approve the attached documents.