

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

621



FROM: Redevelopment Agency

SUBMITTAL DATE:
November 9, 2006

SUBJECT: Gonzalez Mobile Home Park

RECOMMENDED MOTION: That the Board of Directors:

1. Approve and authorize the Chairman to execute the attached Amended Loan Agreement, Promissory Note and Deed of Trust between the Redevelopment Agency and Isaac Gonzalez; and
2. Authorize the Executive Director or designee to take the necessary steps to implement the attached Amended Loan Agreement including execution of necessary and relevant documents.

BACKGROUND: The Gonzalez Mobile Home Park Project is located at 89-200 Avenue 81 in the unincorporated, agricultural, rural community of Oasis. The project will rehabilitate an existing and unpermitted mobile home park that provides affordable housing to farmworker households. The unpermitted park is one of hundreds identified and cited by Riverside County Code Enforcement.
(Continued)

Departmental Concurrence

RZ:JC:DL:JV:ER:LR

Robin Zimpfer
Robin Zimpfer
Executive Director

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FINANCIAL DATA	Current F.Y. Total Cost:	\$ 78,574	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	No

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: RDA Low- and Moderate-Income Housing Set Aside 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

Robin Zimpfer

Consent
 Policy

 Consent
 Policy

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

Prev. Agn. Ref.: [12.13.99 4.1]
[6.21.99 5.1]

District: 4th

Agenda Number:

BACKGROUND (continued):

In 2004, the project proponents applied for and received a financial commitment from the RDA administered program established by the Board of Directors. The Board of Directors established the Agricultural Housing Loan Fund Program (AGHL) through resolution 99-33 and 99-34 on December 13, 1999. At that time, the Executive Director was authorized to commit a maximum finance amount of \$75,000. Since program inception, eighteen projects received financing through this authority.

As the Amended Loan Agreement will increase the total construction budget to an amount that exceeds the Executive Director's authority it is now submitted to the Board of Directors for authorization. The sole purpose of the Amended Loan Agreement is to allow for an increase of \$78,574 to the construction budget. All other points, established through the original Loan Agreement, remain in place.

Several factors have affected the continued program performance. First, potential program applicants have demonstrated a consistent and deep distrust of collaborating with the County for the required Affordability Covenant period of fifty-five years. Second, there have been an extremely limited number of viable contractors interested in bidding these smaller projects. The recent construction boom in the Coachella Valley area has placed additional demands upon other supporting industries. This demand has limited the availability of professional engineering services. Third, private financing resources have become available. These private sources offer financing with a much more rigorous repayment structure but are seen as more advantageous by many because there is no long-term covenant restriction. Fourth, inflation of costs has created an additional financial gap for these developments. The program maximums were sufficient for typical projects in the 1999 construction market.

In order to address these elements, the Redevelopment Agency established a relationship with a local non-profit housing developer through a Memorandum of Understanding (MOU). All future AGHL projects will fall under the parameters of the MOU. The non-profit developer is the Desert Alliance for Community Empowerment and its subsidiary, RANCHO Housing Alliance. DACE/RANCHO will act as the primary contact during all phases of project development. Interested project proponents will receive technical assistance, project finance counsel and underwriting, and a variety of financial alternatives. In addition, DACE/RANCHO will act as General Contractor during construction.

The Gonzalez Mobile Home Park project is one of two that will be completed as the program was originally designed and outside of the MOU. The project is ready to move forward. Once completed, the project will result in completely new infrastructure for eight (8) mobile home rental spaces. The space rents are controlled through an Affordability Covenant for fifty-five (55) years. In order to achieve this, the systems will be constructed on a previously undeveloped section of the project site. Systems to be improved include, Electrical with individual pedestals and meters, Water delivery from on-site well, Septic tanks and leach lines, Fire suppression. Additional elements include fenced individual rental pads, landscaping, paved road, and project sign.

This project will eliminate blight and provide safe, affordable housing to very low-income mobile home owners and tenants. Staff recommends the approval of the additional financing needed to complete the project. All funds will be allocated from the AGHL Program. The funds will be secured with a Promissory Note and Deed of Trust with Assignment of Rents. There will be no impact to the General Fund.

Total project cost	\$ 231,074
Secured project financing (RDA and Leveraged funds)	\$ 152,500 (\$118,326 unexpended to date)
Financing needed to complete the project	\$ 78,574