

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

824



FROM: Economic Development Agency

SUBMITTAL DATE:
March 14, 2007

SUBJECT: Subordination Agreement for the Arroyo de Paz I Apartments in the City of Desert Hot Springs

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Subordination Agreement;
2. Authorize the Chairman of the Board to sign the attached 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: The Board of Supervisors approved a Loan Agreement in the amount of \$1,790,000 for the use of HOME Investment Partnerships Act Grant Funds with Verbena Housing Associates, L.P., a California Limited Partnership whose General Partner is Coachella Valley Housing Coalition, a certified Community Housing Development Organization, for the construction of a 60-unit rental housing project in the City of Desert Hot Springs. The project was completed and the Certificate of Occupancy was received on November 14, 2006. (continue on page 2)

COUNTY COUNSEL
 MAR 16 2007
 R. S. ...
 Departmental Concurrence

RZ:JC:JV:ER:TF:JG
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Robin Zimpfer
 Robin Zimpfer
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	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

George ...

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

Prev. Agn. Ref.: 3.22-1/27/04; 3.5-5/4/04; 3.8-3/30/04; 3.33-8/10/04; 3.18-9/13/05; 3.13-1/24/06; and 3.8-12/05/06

District: 5th

Agenda Number:

ATTACHMENTS FILED
 WITH THE CLERK OF THE BOARD

3.13

BACKGROUND (continued):

The owner of the complex, Verbena Housing Associates, L.P, is securing permanent financing to pay off the construction loan on this project and has requested that the County HOME loan be subordinate to the permanent first mortgage provided by Lewiston State Bank. The County's financial position in the project will not be altered by such request.

County Counsel has reviewed and approved the attached Subordination Agreement. Staff recommends that the Board approve the attached documents.