

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

834



FROM: Redevelopment Agency

SUBMITTAL DATE:
May 25, 2007

SUBJECT: Loan Agreement for Nuestro Orgullo Homes in the Unincorporated Community of Mecca

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the attached Loan Agreement with Coachella Valley Housing Coalition;
2. Approve the attached Deed of Trust with Assignment of Rents, Promissory Note, and Covenant Agreement;
3. Authorize the Chairman of the Board of Directors to sign the Loan Agreement, Deed of Trust with Assignment of Rents, and Covenant Agreement; and
4. Authorize the Executive Director or designee to take all necessary steps to implement these Agreements, including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND: Coachella Valley Housing Coalition, a California nonprofit benefit corporation ("CVHC"), is requesting a loan from the Redevelopment Agency for the County of Riverside ("Agency") to replace the current lender for land acquisition and carrying costs for approximately 60 acres of vacant land to build approximately 275 single-family homes for low-income households in the unincorporated community of Mecca (the "Project"). (Continued on page 2)

RZ:DL:ER:TF:MM (M)

S:\RDACOM\HOUSING\2006 RDA Housing Projects\Nuestro Orgullo Homes\Form 11\F11 - RDA Agmt for Nuestro Orgullo Homes.doc

Deanna Lorson
Deanna Lorson, Deputy Executive Director for
Robin Zimpfer, Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$1,500,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2006/2007

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NO

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

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

Policy

Consent

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

Prev. Agn. Ref.:

District: 4th

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

4.2

COUNTY COUNSEL

MAY 25 2007
Michelle Clark
Deanna Lorson

May 24, 2007

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BACKGROUND (continued): The project site is situated to the east of Lincoln Street, to the north of 64th Avenue, and to the south of 63rd Avenue in the unincorporated area of the County in the community of Mecca. The Assessor's Parcel Number is 727-030-037. The proposed development, identified as Nuestro Orgullo Homes, will consist of approximately 91 three-bedroom homes and approximately 184 four-bedroom homes. The three-bedroom homes are approximately 1,276 square feet and the four-bedroom homes are approximately 1,317 square feet. All 275 single family homes will be constructed through CVHC's Mutual Self-Help Program. The program's method of construction enables groups of qualified low-income families to become first-time homeowners by requiring each family to contribute in the building of each others' homes under the skilled supervision of CVHC's construction supervisors. Families working together will earn "sweat equity" towards the down payment of their homes.

Thirty percent (30%) of the units in the Project will be restricted to lower income households whose incomes do not exceed eighty percent (80%) area median income for the County adjusted by family size at the time of occupancy ("Assisted Units"). Fifty percent (50%) of the Assisted Units will be restricted to very low-income households whose incomes do not exceed fifty percent (50%) area median income for the County adjusted by family size at the time of occupancy.

The applicant intends to use up to \$1,500,000 in Redevelopment Housing Set-Aside funds to replace the current lender, Local Initiatives Support Corporation (LISC), for the land acquisition and all its carrying costs. The fund will then rollover as permanent financing for all Assisted Units to write down the development cost of the Project. Other funding sources sought by the developer for the development of the project include a loan of \$49,837,478 from United States Department of Agriculture (USDA) Section 502 Program; a Farm Worker Housing Grant (FWHG) of \$1,500,000; Buyer Sweat Equity in the amount of \$6,304,522; and a loan of \$396,000 from Housing and Community Development (HCD) CalHome Program. The total development cost is estimated to be \$59,538,000.

The loan will be transferred to individual homebuyers of the Assisted Units in the form of a silent junior Deed of Trust in the amount determined by CVHC based on the qualified income of the initial qualified homebuyer. A covenant will restrict the affordability to lower income households for a period of 45 years. The Agency loan of \$1,500,000 will be subordinated to future construction and permanent loans to the Project.

County Counsel has reviewed and approved the attached Loan Agreement, Deed of Trust with Assignment of Rents, and Covenant Agreement. Staff recommends that the Board approve the attached documents.