

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

354



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 12, 2007

**SUBJECT:** Subordination Agreement for the Arroyo de Paz II 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 \$500,000 for the use of HOME Investment Partnerships Act Grant Funds with Arroyo 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 34-unit rental housing project in the City of Desert Hot Springs. The project was completed and the Certificate of Occupancy was received on April 24, 2007. (continue on page 2)

FORM APPROVED COUNTY COUNSEL  
BY: Michelle Clack 9/20/07  
MICHELLE CLACK DATE

Departmental Concurrence

RZ:JC:JV:ER:TF:MM

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*Robin Zimpfer*  
\_\_\_\_\_  
Robin Zimpfer  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	<b>Current F.Y. Total Cost:</b>	\$ 0	<b>In Current Year Budget:</b>	Yes
	<b>Current F.Y. Net County Cost:</b>	\$ 0	<b>Budget Adjustment:</b>	No
	<b>Annual Net County Cost:</b>	\$ 0	<b>For Fiscal Year:</b>	2007/2008

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> HOME Investment Partnerships Act Grant Funds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY: *Jennifer L. Sargent*  
\_\_\_\_\_  
Jennifer L. Sargent

**County Executive Office Signature**

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

**Prev. Agn. Ref.:** 3.15-12/20/05; 3.8-11/29/05; 3.24-7/12/2005; 3.10-1/31/2006  
**District:** 5th  
**Agenda Number:**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

3.17

**BACKGROUND** (continued): The owner of the complex, Arroyo 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.