

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

237



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 6, 2007

**SUBJECT:** Loan Agreement for the Use of HOME Funds for La Quinta Dune Palms Apartments

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of \$1,000,000 in HOME Program Funds between the County of Riverside and La Quinta Housing Associates, L.P.;
2. Approve the attached Subordination Agreements with Citibank and La Quinta Redevelopment Agency;
3. Authorize the Chairman of the Board to sign the attached Loan Agreement and Deed of Trust for the use of HOME funds and Subordination Agreements with Citibank and La Quinta Redevelopment Agency; and
4. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the Agreement to include signing subsequent, essential and relevant documents.

**BACKGROUND:** La Quinta Housing Associates, L.P., a California Limited Partnership (the "OWNER"), whose general partner is Coachella Valley Housing Coalition, a certified Community Housing Development Organization, is requesting \$1,000,000 in HOME funds for the development and construction of a 218-unit rental housing complex for families in the city of La Quinta.

(Continued on page 2)

*Deanna Lorson*

RZ:DL:ER:TF:JG

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Deanna Lorson, Managing Director, for Robin Zimpfer,  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 1,000,000	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	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*

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: MICHELLE CLACK  
DATE: 12/11/07  
Departmental Concurrence

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

**Prev. Agn. Ref.:** 3.13-9/4/07; 3.11-10/23/07      **District:** 4th      **Agenda Number:** 3.12

**BACKGROUND (Continued):**

The project has a mix of 22 one-bedroom; 68 two-bedroom; 102 three-bedroom; and 24 four-bedroom units. Two three-bedroom units will be set aside for on-site managers. The proposed project site, approximately 14.81 acres, is located on Assessor Parcel number 600-020-030 at the northwest corner of 48<sup>th</sup> Avenue and Dune Palms Road in the city of La Quinta. The development will include a community building of approximately 3,204 square feet with a computer room to be used as a computer learning center, kitchen, and a laundry room. The individual units come equipped with a refrigerator, dishwasher, stove/oven, garbage disposal, heat/air conditioners, and carpeting. The one-bedroom units are approximately 590 square feet; the two-bedroom units are 820 square feet; the three-bedroom units are 1,075 square feet; and, the four-bedroom units are approximately 1,213 square feet.

The OWNER intends to use up to \$1,000,000 in HOME Funds to cover soft- and hard-dwelling construction costs. The estimated total development cost for the project is approximately \$90,559,413. Other funding sources for the project include a performance loan of \$30,147,938 (for five years) from La Quinta Redevelopment Agency (RDA) Housing Funds; deferred loan of \$1,000,000 from the Affordable Housing Program; deferred loan of \$10,000,000 from the State of California Department of Housing and Community Development Multifamily Housing Program (MHP); a limited partner tax credit equity contribution of \$42,571,475; deferred developer fee of \$1,300,000; and a Citibank construction loan of \$4,540,000. In addition, RDA agreed to donate 14.81 acres of an Agency-owned parcel to the OWNER. One hundred eight units will be designated as Low HOME units which are limited to very low-income households whose incomes do not exceed 50% of the Riverside County Median Income for a period of at least 55 years.

The County's HOME Loan will be in the fourth position behind a construction and permanent loan made to the Partnership by Citibank and MHP and a performance loan made by La Quinta Redevelopment Agency (for five years). The attached Subordination Agreement's are required by Citibank and RDA to signify their senior positions to the HOME Loan. MHP will require that the County execute a subordination agreement at a later date to signify their senior position to the HOME Loan.

On September 4, 2007, the Board approved the Notice of Finding of No Significant Impact on the Environment, and the County has received authorization from the U.S. Department of Housing and Urban Development to incur costs. The project activity was included in the 2007/2008 One-Year Action Plan on October 23, 2007.

County Counsel has reviewed and approved the attached Loan Agreement, Deed of Trust, the Subordination Agreement with Citibank, and the Subordination Agreement with RDA. Staff recommends that the Board approve the attached documents.