

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

715



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
February 9, 2009

**SUBJECT:** Loan Agreement for the Use of HOME Funds for Rancho Dorado North Apartments

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

1. Approve the attached Loan Agreement for the use of \$650,000 in HOME Program Funds between the County of Riverside and Palm Desert Development Company, a California Corporation;
  2. Authorize the Chairman of the Board to sign the attached Loan Agreement and Deed of Trust;
  3. Authorize the Assistant County Executive Officer/EDA or designee to execute a Subordination Agreement with the California Housing Finance Agency in an amount up to One Million Five Hundred Thousand Dollars (\$1,500,000) subject to approval by County Counsel;
  4. Authorize the Assistant County Executive Officer/EDA or designee to execute a Subordination Agreement with the City of Moreno Valley Redevelopment Agency in an amount up to Five Million Dollars (\$5,000,000) subject to approval by County Counsel;
  5. Authorize the Assistant County Executive Officer/EDA or designee to execute a Subordination Agreement with the California Community Reinvestment Corporation in an amount up to Two Million Five Hundred Thousand Dollars (\$2,500,000) subject to approval by County Counsel; and
  6. 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.
- (continued on Page 2)

*Robin Zimpfer*

Robin Zimpfer  
Assistant County Executive Officer/EDA

RZ:DL:ER:TF:JG

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**FINANCIAL DATA**

Current F.Y. Total Cost:	\$ 650,000	In Current Year Budget:	YES
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/2009

**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

BY: *Serena Chow*

County Executive Office Signature

Serena Chow

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

Prev. Agn. Ref.: 3.14-11/25/08; 3.17-3/11/08; District: 5th  
3.24-2/26/08; 3.17-2/5/08

Agenda Number:

3.19

FORM APPROVED COUNTY COUNSEL  
DATE  
BY: MICHELLE CLACK  
MARIAM T. MABEY  
ASSISTANT DIRECTOR  
DEPT. OF MENTAL HEALTH  
RIVERSIDE COUNTY

**BACKGROUND:**

**PROJECT DESCRIPTION:**

Palm Desert Development Company, a California Corporation (the "OWNER"), is requesting \$650,000 in HOME funds for the development and construction of a 71-unit rental housing complex for families in the City of Moreno Valley.

The project has a mix of 14 one-bedroom; 26 two-bedroom; and 30 three-bedroom units. One three-bedroom unit will be set aside for an on-site manager. The proposed project site, approximately 3.32 acres, is located on Assessor Parcel number 486-070-007 at the southeast corner of John F. Kennedy Drive and Perris Boulevard in the City of Moreno Valley. All units will come equipped with a refrigerator, dishwasher, range/oven, garbage disposal, heat/air conditioners, and carpeting. The one-bedroom units are approximately 750 square feet; the two-bedroom units are 970 to 1,005 square feet; and the three-bedroom units are 1,094 square feet. The development will include a community building of approximately 3,051 square feet with a full kitchen, restrooms, laundry facilities, a computer lab room, and a manager's office. The community building will also include a separate office that will be used by staff from the Riverside County Mental Health Department to provide services to its clients living in the complex.

The applicant intends to use the HOME funds for hard and soft construction expenses. Other funding sources that are being sought by the applicant include a \$1,500,000 loan from the County of Riverside Mental Health Department Mental Health Services Act (MHSA) Funds, a \$4,750,000 deferred loan from the Redevelopment Agency for the City of Moreno Valley (RDA), a \$2,145,723 loan from the California Community Reinvestment Corporation (CCRC), a deferred developer fee of \$878,129, and a limited partner tax credit equity contribution of \$10,776,232. The total development costs are estimated to be \$20,700,084. Eleven 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. Also, as a requirement of the MHSA financing, a total of 15 floating units will be restricted for homeless individuals that are referred by the Department of Mental Health Homeless Housing Opportunities, Partnership, and Education (HHOPE) Program.

The County's HOME Loan will be in the fourth position behind a construction loan and permanent first mortgage from the CCRC after permanent closing, behind the second mortgage from the RDA, and a permanent third mortgage in favor of the California Housing Finance Agency (CalHFA) in connection with the MHSA loan. The Redevelopment Agency, CCRC, and CalHFA will require that the County execute a subordination agreement at a later date to signify their senior positions to the HOME Loan.

On February 5, 2008, 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 2008/2009 One-Year Action Plan on November 25, 2008.

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