

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

744



FROM: Redevelopment Agency

SUBMITTAL DATE:
May 12, 2009

SUBJECT: Loan Agreement for Valencia 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.

Continued

Robert Field

Robert Field
Executive Director

FINANCIAL DATA	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:	2008/2009

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: RDA 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

Jennifer J. Sargent
BY _____
Jennifer J. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 5/11/09
Departmental Concurrence

Dept. Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: _____ **District:** 4th **Agenda Number:** _____

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

4.1

BACKGROUND: The 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 build approximately 45 single-family homes for low-income households in the unincorporated community of Mecca (the "Project").

The Project site is situated to the east of Dale Kiler Road, west of Johnson Street, north of 7th Street, and south of 65th Avenue in the unincorporated community of Mecca. The Assessor's Parcel Number is 727-112-015. The proposed development, identified as Valencia Homes, will consist of approximately 2 three-bedroom homes and approximately 43 four-bedroom homes. The three-bedroom homes are approximately 1,280 square feet and the four-bedroom homes are approximately 1,320 square feet. All 45 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.

The applicant intends to use up to \$1,000,000 in Redevelopment Housing Set-Aside funds for construction of the Project. CVHC intends to use these funds in equal portions, \$500,000 will be used as a developer grant subsidy to the Project and the remaining balance of \$500,000 will be used as a loan to the Assisted Units in the form of a silent second. Other funding sources sought by the developer for the development of the project include a loan of \$5,239,500 from United States Department of Agriculture (USDA) Section 502 Program; a Farm Worker Housing Grant (FWHG) of \$500,000; Affordable Housing Program (AHP) funds of \$450,000; and Buyer Sweat Equity in the amount of \$40,500. The total development cost is estimated to be \$6,730,000.

Twenty two (22) units in the Project 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, as defined by California Health and Safety Code Sections 50079.5 and 50105.

The loan will be transferred to individual homebuyers of the Assisted Units in the form of a third Deed of Trust in subordinate position behind a USDA 502 loan and the Farm Worker Housing Grant. The amount of loan necessary will be determined by CVHC based on the qualified income of the homebuyer. A Covenant Agreement will be recorded to restrict the affordability to lower income households for a period of 45 years. The Agency loan will be subordinated to future construction and permanent loans to the Project.

Agency 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.