

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

233



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 1, 2011

**SUBJECT:** Fourth Amendment to Loan Agreement for Brisas de Paz Apartments in the City of Desert Hot Springs

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

1. Approve the attached Fourth Amendment to the Loan Agreement;
2. Authorize the Chairman of the Board to sign the attached Fourth Amendment to Loan Agreement; and
3. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the Fourth Amendment to the Loan Agreement.

**BACKGROUND:** (Commences on Page 2)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

**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: ANITA C. WILLIS  
 DATE: 11-28-11  
 Departmental Concurrence

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

**BACKGROUND (Continued):**

On March 31, 2009, the Board of Supervisors approved a loan agreement for \$1,000,000 in HOME funds with Coachella Valley Housing Coalition (CVHC), a certified Community Housing Development Organization, for the development and construction of a 62-unit multi-family apartment complex at the southwest corner of Flora Avenue and West Drive in the City of Desert Hot Springs.

On March 16, 2010, the Board of Supervisors approved the First Amendment to the Loan Agreement for an additional \$300,000 in HOME funds to cover increased costs due to prevailing wages. The Board of Supervisors approved the Second Amendment to the Loan Agreement on June 29, 2010 for an additional \$650,000 in HOME funds to offset the decrease in equity market pricing. On March 15, 2011, the Board approved a Third Amendment to the Loan Agreement to increase the interest rate from 1.00% to 3.00% in order to obtain the highest possible tax credit pricing. The Board of Supervisors also approved CVHC's request to form Brisas de Paz Associates, L.P. (BPALP), a California limited partnership, for the purpose of constructing and ownership of the project, whereas CVHC would be the general partner. The approval assigned CVHC's rights and obligations under the Loan Agreement, Deed of Trust, and Promissory Note, including all existing amendments to BPALP. The project broke ground in March of 2011 and is currently 50% underway with an anticipated completion date of April 2012.

A total of 30 units are restricted as floating Low HOME-assisted units in which 23 units are reserved for households whose incomes do not exceed 50% of the area median family income for the County of Riverside and the remaining 7 units are limited to Extremely Low Income households whose incomes do not exceed 30% of the area median family income for the County of Riverside, adjusted by family size at the time of occupancy.

BPALP informed EDA staff that the unit mix for the 7 units is different from what was in their tax credit application, which was awarded in September 2010. Consequently, BPALP's permanent lender is requiring that the bedroom unit mix of the tax credit application be consistent with the Loan Agreement. As such, BPALP is requesting that the Extremely Low Income Unit mix of 2 – 1 Bedrooms, 2 – 2 Bedrooms, and 3 – 3 Bedrooms be changed to 1 – 1 Bedroom, 3 – 2 Bedrooms, and 3 – 3 Bedrooms.

County Counsel has reviewed and approved as to form the attached Fourth Amendment to the Loan Agreement. Staff recommends that the Board approve the attached Fourth Amendment.

1 NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE 6103

2 RECORDING REQUESTED BY AND  
3 WHEN RECORDED MAIL TO:

4 County of Riverside  
5 Economic Development Agency  
6 3403 Tenth Street, Suite 500  
Riverside, CA 92501  
Attn: Benjamin Cendejas

7 SPACE ABOVE THIS LINE FOR RECORDERS USE

8 **FOURTH AMENDMENT TO LOAN AGREEMENT**  
9 **FOR THE USE OF HOME FUNDS**

10 This Fourth Amendment to the Loan Agreement for the Use of HOME Funds (“Fourth  
11 Amendment”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2011, by and  
12 between the COUNTY OF RIVERSIDE (“COUNTY”), a political subdivision of the State of California  
13 and BRISAS DE PAZ ASSOCIATES, L.P. (“OWNER”), a California limited partnership.

14 WITNESSETH:

15 WHEREAS, COUNTY and COACHELLA VALLEY HOUSING COALITION (“CVHC”)  
16 entered into a HOME loan agreement for the use of HOME funds (the “HOME Loan Agreement”)  
17 dated March 31, 2009;

18 WHEREAS, pursuant to the HOME Loan Agreement, CHVC proposed to develop sixty-two  
19 (62) affordable rental housing units for low income families including one (1) manager’s unit (the  
20 “Project”) on an identified site of approximately 4.77 acres situated on the southeast corner of Flora  
21 Avenue and West Drive in the City of Desert Hot Springs with Assessor’s Parcel Number of 663-320-  
22 016 as more particularly described in the attached Exhibit “A”;

23 WHEREAS, on March 31, 2009, COUNTY agreed to loan CVHC HOME funds in the original  
24 principal amount of \$1,000,000 (the “HOME Loan”) for construction and permanent financing;

25 WHEREAS, on March 16, 2010, COUNTY and CVHC agreed to amend the HOME Loan  
26 (“First Amendment”) and increase the principal amount of the HOME Loan by \$300,000, increasing the  
27 HOME Loan from \$1,000,000 to \$1,300,000. The additional funding was to help cover increased costs  
28 due to the requirement of paying prevailing wages;

1 WHEREAS, on June 29, 2010, COUNTY and CVHC agreed to amend the HOME Loan  
2 (“Second Amendment”) and increase the principal amount of the HOME Loan by \$650,000, increasing  
3 the HOME Loan from \$1,300,000 to \$1,950,000. The additional funding was to offset the decrease in  
4 equity market pricing and improve the Project’s tax credit application competitiveness scoring;

5 WHEREAS, on March 15, 2011, COUNTY and CVHC agreed to amend the HOME Loan  
6 (“Third Amendment”) to modify the interest rate from one percent (1%) to three percent (3%). The  
7 change in interest rate was to obtain the highest possible tax credit pricing;

8 WHEREAS, pursuant to an assignment and assumption agreement recorded on March 17, 2011,  
9 as Instrument No. 2011-0121679, CVHC assigned the Loan documents as amended to Owner who  
10 assumed all of the obligations thereunder concurrently with acquiring the site described in Exhibit A;  
11 and

12 WHEREAS, COUNTY and OWNER agreed to change the Extremely Low Income Unit mix  
13 from 2 – 1 Bedrooms, 2 – 2 Bedrooms, and 3 – 3 Bedrooms to 1 – 1 Bedroom, 3 – 2 Bedrooms, and 3 –  
14 3 Bedrooms.

15 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual covenants  
16 and conditions hereinafter set forth, COUNTY and OWNER do hereby agree as follows:

- 17 1. Section 18 of the HOME Loan Agreement is deleted and replaced in its entirety with the  
18 following:

19 INCOME TARGETING REQUIREMENTS. OWNER will set aside thirty (30) units of the  
20 Project to be designated as floating Low HOME-assisted units, as defined under 24 CFR 92.252(j).  
21 Twenty Three units (4 – 1 Bedroom, 10 – 2 Bedroom, and 9 – 3 Bedroom) shall be limited to  
22 households whose incomes do not exceed fifty percent (50%) of the median family income for the  
23 County of Riverside, adjusted by family size at the time of occupancy. Seven units (1 – 1  
24 Bedroom, 3 – 2 Bedrooms, and 3 – 3 Bedrooms) shall be limited to households whose incomes do  
25 not exceed thirty percent (30%) of the median family income for the County of Riverside, adjusted  
26 by family size at the time of occupancy.

- 27 2. Exhibit “A” of the HOME Loan Agreement is hereby replaced with the revised Exhibit “A” of this  
28 Fourth Amendment, which is attached hereto and by this reference incorporated herein.

- 1 3. This Fourth Amendment, Third Amendment, Second Amendment, First Amendment, and HOME  
2 Loan Agreement set forth and contain the entire understanding and agreement of the parties hereto.  
3 There are no oral or written representations, understandings, or ancillary covenants, undertakings  
4 or agreements, which are not contained or expressly referred to within this Fourth Amendment,  
5 Third Amendment, Second Amendment, First Amendment, and the HOME Loan Agreement.
- 6 4. Each of the attachments and exhibits attached hereto are incorporated herein by this reference.
- 7 5. Except as modified and amended by First Amendment, Second Amendment, Third Amendment,  
8 and this Fourth Amendment, all other terms and conditions of the HOME Loan Agreement remain  
9 unmodified and in full force and effect.
- 10 6. This Fourth Amendment may be signed by the different parties hereto in counterparts, each of  
11 which shall be an original but all of which together shall constitute one and the same agreement.
- 12 7. The effective date of this Fourth Amendment is the date the parties execute the Fourth  
13 Amendment. If the parties execute the Fourth Amendment on more than one date, then the last  
14 date the Fourth Amendment is executed by a party shall be the effective date.
- 15 8. This Fourth Amendment is not binding until approved by the Board of Supervisors.

16  
17 (SIGNATURES ON NEXT PAGE)

18 //  
19 //  
20 //  
21 //  
22 //  
23 //  
24 //  
25 //  
26 //  
27 //  
28 //

1 IN WITNESS WHEREOF, COUNTY and OWNER have executed this Fourth Amendment as  
2 of the date first above written.

3  
4 COUNTY:

OWNER:

5 COUNTY OF RIVERSIDE

6 BRISAS DE PAZ ASSOCIATES, L.P.,  
7 a California Limited partnership  
8 By: Brisas de Paz LLC,  
9 a California limited liability company,  
10 its general partner

11 By: The Coachella Valley Housing Coalition,  
12 a California nonprofit public benefit corporation,  
13 its sole member/manager

14 By: \_\_\_\_\_  
15 Bob Buster  
16 Chairman, Board of Supervisors

17 By:   
18 Pedro S.G. Rodriguez, Chief Financial Officer

19 APPROVED AS TO FORM:

20 PAMELA J. WALLS  
21 County Counsel

22 By:   
23 Amita C. Willis, Deputy

24 ATTEST:

25 KECIA HARPER-IHEM  
26 Clerk of the Board

27 By: \_\_\_\_\_  
28 Deputy

1 Construction Lender

2 Wells Fargo Bank, National Association,  
3 a national banking association.

4 By: \_\_\_\_\_  
5 Erika Dukes, Vice President

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27 **(Signatures on this page need to be notarized)**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }

COUNTY OF \_\_\_\_\_ }

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Place Notary Seal Above

Signature of Notary Public



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }

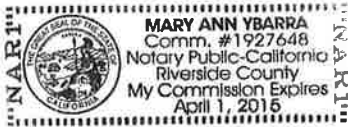
COUNTY OF Riverside }

On November 30, 2011, before me, Mary Ann Ybarra, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Pedro S.G. Rodriguez  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



WITNESS my hand and official seal.

Signature Mary Ann Ybarra  
Signature of Notary Public

Place Notary Seal Above

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }

COUNTY OF \_\_\_\_\_ }

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Place Notary Seal Above

Signature of Notary Public

**EXHIBIT "A"**

**OWNER:** Brisas de Paz Associates, L.P.

**Address:** Plaza I, 45-701 Monroe Street, Suite G  
Indio, CA 92201

**Project Title:** Brisas de Paz

**Location:** The project site is approximately 4.77 acres and situated on the southwest corner of Flora Avenue and West Drive in the City of Desert Hot Springs. The Assessor's Parcel Number is 663-320-016.

**Description:**

OWNER will utilize \$1,950,000 in HOME funds for the development and construction of a 62-unit multifamily housing complex in the City of Desert Hot Springs in Eastern Riverside County. The project consists of 11 one-bedroom units, 26 two-bedroom units, and 24 three-bedroom units. One additional three-bedroom unit will be set-aside for an onsite manager's unit. The units will be located in 9 one- and two-story, wood frame, stucco buildings. The one-bedroom units are approximately 650 square feet, the two-bedroom units are approximately 930 square feet, and the three-bedroom units are approximately 1,130 square feet. All units will be equipped with a refrigerator, dishwasher, combination range/oven, garbage disposal, and central heating/cooling. The residents of Brisas de Paz will have access to a sports court, tot lots, swimming pool, open space play areas, and BBQ picnic area.

The Project will include a community building of approximately 2,000 square feet with a kitchen, restrooms, laundry facilities, a computer lab room, and a manager's office.

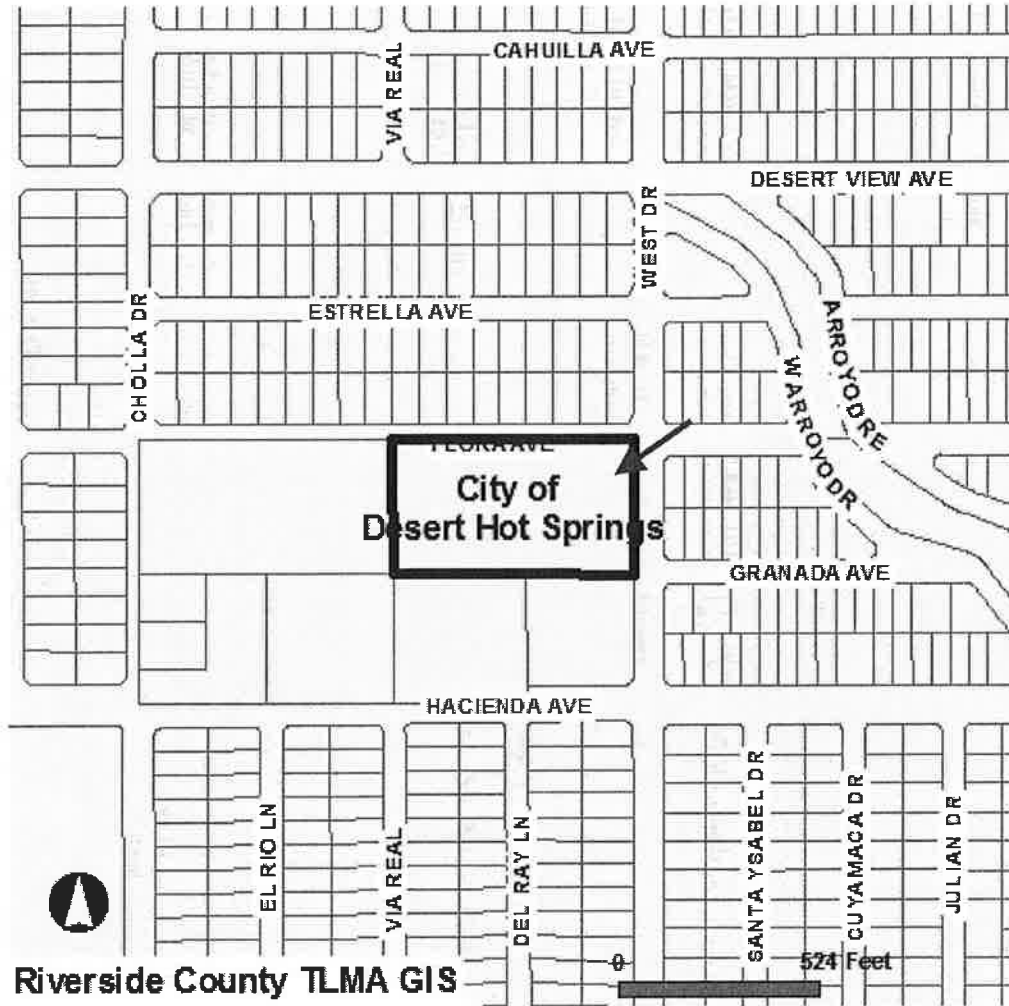
A total of thirty units (30) shall be designated as floating Low HOME assisted units. Twenty Three units (4 – 1Bedroom, 10 – 2 Bedroom, and 9 – 3 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy. Seven units (1 – 1 Bedroom, 3 – 2 Bedrooms, and 3 – 3 Bedrooms) shall be limited to households whose incomes do not exceed thirty percent (30%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME units shall be restricted for a period of at least 55 years from the issuance of Certificate of Occupancy.

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1 OF PARCEL MAP 13353, AS SHOWN BY MAP ON FILE IN BOOK 73, PAGES 32 AND 33 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 663-320-016

APN's : 663-320-016



**Project Permanent Sources and Uses of Fund:**

Sources:

Loan 55 Yrs @ 3%	
with grant funds from the City of Desert Hot Springs	
Redevelopment Agency	\$ 1,700,000
AHP – Affordable Housing Program 55 Yrs @ 0%	\$ 610,000
Conventional Loan	\$ 1,649,700
Deferred Developer Fee	\$ 239,791
Limited Partner Tax Credit Equity	\$ 9,545,773
Developer Equity	\$ 50,100
County of Riverside HOME Loan 55 Yrs @ 3%	\$ 1,950,000
<b>Total Sources</b>	<b>\$ 15,745,364</b>

Uses:

New construction (includes site work, common area bldgs and structures)	\$ 8,581,315
Contractor's Overhead & Profit & Gen'l Req.	\$ 523,625
General Liability Insurance	\$ 95,450
Permanent Financing costs	\$ 27,373
Construction Contingency (Hard and Soft)	\$ 460,016
Architectural & Engineering Cost	\$ 615,000
Construction Interest & Fees	\$ 874,452
Reserves	\$ 206,903
Land Development Impact and Permit Processing Fees	\$ 1,444,884
Other Fees, Marketing & Furnishings	\$ 230,000
TCAC Fees	\$ 75,891
Legal Fees	\$ 25,000
Developer's Overhead & Profit	\$ 1,480,000
Land & Acquisition Cost	\$ 1,105,455
<b>Total Uses</b>	<b>\$ 15,745,364</b>

The OWNER has obtained a reservation of Federal/State tax credit award from the California Tax Credit Allocation Committee.

**HOME Match:**

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$1,950,000) are required. The HOME match in the amount of \$487,500 will be satisfied from the below-market interest loan from the Affordable Housing Program (AHP).

OWNER shall submit to the COUNTY copies of the final funding commitment, copies of all executed agreements, final Certified Public Accountant's construction cost certification, and proof that the funds were disbursed for this project.

**IMPLEMENTATION SCHEDULE**

<b>Date</b>	<b>Milestone</b>	<b>Completion</b>
	1. TCAC Award	September 30, 2010
	2. Permanent Financing Commitment	March 1, 2011
	3. Building Permit	March 1, 2011
	4. Begin Construction	March 15, 2011
	5. Marketing & Affirmative Action	February 1, 2012
	6. Lease Agreement, Proposed Rents, and Utilities	February 1, 2012
	7. Certificate of Occupancy	May 1, 2012
	8. Occupancy of HOME units	July 1, 2012
	9. Submission of Final actual project costs and Sources/Uses of Funds	September 1, 2012
	10. Submission of income & ethnic characteristics report	July 1, 2012

## DOCUMENT SUBMISSION SCHEDULE

<b>Documents</b>	<b>Due Date</b>
1. Construction Activities Reporting	Monthly, due by the 15 <sup>th</sup> of each month
2. Liability and Certificate of Workers' Compensation Insurance for OWNER and General Contractor (GC)	OWNER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– <b>Sept 30th &amp; March 31st</b>
4. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. HOME Match Contribution	Beginning of Construction
6. Project Site Photos	Bimonthly, due by the 5 <sup>th</sup> of each month
7. Notice of Completion	End of Construction
8. Certificate of Occupancy	End of Construction
9. Tenant Checklist Reporting	Close of Project; and Semi-Annually– <b>Sept 30th &amp; March 31st</b>
10. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
11. Project Completion Report	Close of Project
12. Final Development Cost - Sources and Uses	Close of Project
13. Final Cost Certification by CPA	Close of Project and Audits Completed
14. Final 15/30 Year Cash Flow Projection	Close of Project
15. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
16. Management Plan	Marketing Stage
17. Tenant Selection Policy	Marketing Stage
18. Copy of Lease Agreement	Marketing Stage
19. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
20. Project Operating Budget	Annual submission
21. Audited Yearly Income Expense Report for the Project	Annual submission