

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

551



SUBMITTAL DATE:
July 5, 2012

FROM: Economic Development Agency

SUBJECT: Loan Agreement for the Use of HOME Funds for Pueblo Nuevo Apartments in the City of Coachella

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of an amount up to \$500,000 in HOME Funds between the County of Riverside and Coachella Valley Housing Coalition;
2. Approve the attached deed of trust and promissory note;
3. Authorize the Chairman of the Board to execute the attached Loan Agreement;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL
DATA

Current F.Y. Total Cost: \$ 500,000
Current F.Y. Net County Cost: \$ 0
Annual Net County Cost: \$ 0

In Current Year Budget: Yes
Budget Adjustment: No
For Fiscal Year: 2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnership Act Grant Funds

Positions To Be Deleted Per A-30 ☐
Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION:

APPROVE

BY:

County Executive Office Signature

Jennifer L. Sargent

Dep't Recomm.: ☐ Consent ☐ Policy ☒

Per Exec. Ofc.: ☐ Consent ☐ Policy ☒

Prev. Agn. Ref.: 3.25 of 6/05/12

District: 4/4

Agenda Number

3.12

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: 7/3/12
DATE: 6/28/12
FORM APPROVED COUNTY COUNSEL
BY: 6/28/12
ANNE T. SAHAR

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with the U.S Department of Agriculture in connection with a Rural Development Section 514 loan in the amount up to \$140,000, subject to approval by County Counsel;
5. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with the U.S Department of Agriculture in connection with a Rural Rental Housing loan in the amount up to \$200,000, 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 Loan Agreement, Deed of Trust, and Subordination Agreements including, but not limited to, signing subsequent necessary and relevant documents subject to County Counsel's approval.

BACKGROUND:

Coachella Valley Housing Coalition, a California nonprofit public benefit corporation (the Borrower), a certified Community Housing Development Organization, is requesting \$500,000 in HOME funds for the rehabilitation of a 50-unit farmworker multi-family affordable housing complex located at 1492 Orchard Avenue, Coachella, CA 92236, Assessor Parcel Number 778-120-002, also known as the Pueblo Nuevo Apartments. The Owner built Pueblo Nuevo Apartments in 1986 as permanent farmworker housing with the assistance of the U.S Department of Agriculture. The project consists of 10 two-bedroom units, 20 three-bedroom units, and 20 four-bedroom units. 1 three bedroom unit will be set aside as a manager's unit. The two-bedroom units are approximately 876 square feet, the three-bedroom units are approximately 1,162 square feet, and the four-bedroom units are approximately 1,360 square feet. Project amenities include an 836 square foot community room, laundry facility, basketball court, four barbeque grills, shade structure, benches, playground area and a tot lot. The project is in need of major renovations and the Borrower is proposing to do major capital improvements that include installing new double-pane low-E windows, blinds, air conditioning and heating systems, water heaters, kitchen cabinets and counter tops, new paint, flooring, roofing, light fixtures, plumbing fixtures, and solar tubes. All the units will be equipped with energy star rated appliances to include refrigerators and stoves/ovens. Borrower is also proposing to repair existing asphalt and concrete and install new carports.

A total of eleven units will be designated as HOME-assisted units limited to farmworker households whose incomes do not exceed 30% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME-assisted units will be restricted for a period of at least 55 years from the issuance of Certificate of Occupancy.

The total cost of the project is estimated to be \$5,852,263. Sources of funds will include a \$300,000 loan from the Affordable Housing Program, owner equity of \$1,868,971, \$43,412 in deferred developer fee, \$336,091 from the original financing provided by the U.S Department of Agriculture, and the balance of \$2,803,789 from tax credit proceeds.

The county's HOME Loan will be in the third position behind the two loans from the U.S Department of Agriculture. The U.S Department of Agriculture will require that the County of Riverside execute subordination agreements at a later date to signify their senior position to the HOME loan.

(Continued)

BACKGROUND: (Continued)

The project activity was included in the 2011/2012 One-Year Action Plan on June 5, 2012.

County Counsel has reviewed and approved the Agreement for Use of HOME Funds, Deed of Trust and Promissory Note as to form. Staff recommends that the Board approve the attached documents.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with HOME funds. The County of Riverside has budgeted this expense in the FY 2011/2012 budget.

Attachments:

- Loan Agreement
- Deed of Trust
- Promissory Note