

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

724



FROM: Economic Development Agency

SUBMITTAL DATE:
March 7, 2013

SUBJECT: Subordination Agreement with the California Housing Financing Agency for Cedar Glen Apartments in the City of Riverside

RECOMMENDED MOTION: That the Board of Supervisors Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Construction Leasehold Deed of Trust between Riverside Cedar Glen Partners Limited Partnership and the California Housing Financing Agency in the amount up to \$2,500,000 for the Mental Health Service Act loan, subject to approval by County Counsel.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnership Act Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: ANNIE T. SAHAR
DATE: 3/8/13
Departmental Concurrence

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

Prev. Agn. Ref.: 3.9 & 3.16 of 7/3/12; 3.25 & 3.26 of 2/26/13

District: 1/1

Agenda Number:

3-13

BACKGROUND: (Continued)

On July 3, 2012, the Board of Supervisors approved a loan agreement for \$550,000 in HOME funds and a ground lease agreement with Riverside Cedar Glen Partners Limited Partners (RCGPLP), a California limited partnership, for the development of a 51-unit multi-family affordable housing complex located on the southeast corner of County Farm Road and Reynolds Road in the City of Riverside, Assessor Parcel Numbers 145-260-011 (portion) and 145-260-020. The overall project site is approximately 7.38 acres of which approximately 3.63 acres will be used for the phase 1 portion. The loan agreement encumbered the entire site, which included both phase 1 and 2.

On February 26, 2013, the Board of Supervisors approved the first amendment to the loan agreement to revise the legal description to only encompass the phase 1 portion and reduced the loan from ninety-nine years to fifty-five years from the first certificate of occupancy so that the HOME loan can be repaid within a much shorter time period.

The total cost of the phase 1 portion of the project is now estimated to be \$16,113,177. Additional sources of funds will include a \$2,500,000 loan from MHSA (previously \$1,400,000), a \$948,716 loan from a private lender, \$24,914 in Prestabilization Income, Deferred Developer Fee of \$4,435 and the balance of \$12,085,112 from tax credit proceeds. The county's HOME Loan will be in the third position behind a construction lender and a permanent first mortgage, and a permanent mortgage in favor of MHSA through California Housing Financing Agency.

Staff recommends that the Board of Supervisors authorize the Assistant County Executive Officer/EDA, or designee, to execute the subordination agreement.