

**SUBMITTAL TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

950



FROM: Housing Authority

SUBMITTAL DATE:
June 13, 2013

SUBJECT: Subordination of Redevelopment Loan Agreement for Los Vinos Mobile Home Park in the Unincorporated Community of Mecca

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the subordination of the Redevelopment Loan Agreement, Deed of Trust and Covenant Agreement ("RDA Loan Documents") for Los Vinos Mobile Home Park in the unincorporated area of Mecca;

(Continued)

Robert Field
Executive Director

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 OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: N/A

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. Sahhar 6/12/13
DATE

Departmental Concurrence

Consent
 Policy

 Consent
 Policy

Prev. Agn. Ref.: 4.5 of 1/24/12

District: 4/4

Agenda Number:

10-3

RECOMMENDED MOTION: (Continued)

2. Authorize the Executive Director, or designee, to execute a Subordination Agreement subordinating the RDA Loan Documents to a deed of trust from the Rural Community Assistance Corporation Ford Foundation in connection with a loan in an amount up to \$950,000, subject to approval by County Counsel;
3. Authorize the Executive Director, or designee, to execute a Subordination Agreement subordinating the RDA Loan Documents to a deed of trust from the Rural Community Assistance Corporation Agricultural Worker Health and Housing Program in connection with a loan in an amount up to \$1,000,000, subject to approval by County Counsel;
4. Authorize the Executive Director, or designee, to execute a Subordination Agreement subordinating the RDA Loan Documents to a deed of trust from the County of Riverside in connection with a HOME loan in an amount up to \$1,000,000, subject to approval by County Counsel;
5. Authorize the Executive Director, or designee, to execute a Subordination Agreement subordinating the RDA Loan Documents to a Deed of Trust from the U.S Department of Agriculture in connection with a loan in an amount up to \$2,300,000, subject to approval by County Counsel; and
6. Authorize the Executive Director, or designee, to take all necessary steps to implement the subordination agreements, including, but not limited to, signing subsequent necessary and relevant documents subject to approval by County Counsel.

BACKGROUND:

On January 24, 2012, the former Redevelopment Agency ("RDA") for the County of Riverside Board of Directors approved a loan agreement ("RDA Loan Agreement") in the amount of \$3,500,000 for the use of Redevelopment Agency Housing Set Aside funds with Desert Alliance for Community Empowerment ("DACE"), a California nonprofit benefit corporation, for the development and construction of Phase I of an 84 unit mobile home park for extremely low-income farmworkers in the unincorporated community of Mecca ("Project"). The proposed Project is located on a 13.76 lot located at the southeast corner of Hammond Road and 68th Avenue, in the unincorporated community of Mecca, with Parcel Map No. 36456.

Subsequent to the approval of the RDA Loan Agreement in connection with Assembly Bill 1X 26 which dissolved the Redevelopment Agencies in California, in a letter dated December 18, 2012, the California Department of Finance (DOF) determined that the RDA Loan Agreement for the development of the Project was not enforceable. On March 1, 2013, the County filed a civil action against the California Department of Finance, contesting the DOF determination that the RDA Loan Agreement for the development of this Project is not an enforceable obligation. (*County of Riverside v. California Dept. of Finance*, Sacramento Superior Court Case number 34 2013 80001425). No funds have been disbursed to DACE pursuant to the RDA Loan Agreement.

(Continued)

BACKGROUND: (Continued)

Due to the loss of Redevelopment Agency Housing Set Aside funds, DACE has had to go back and make cost cutting measures to the Project through value engineering and identify other funding sources. After going through the exercise of cutting costs and identifying other funding sources DACE has determined a funding gap of \$1,000,000 for the Project; a HOME application was received from DACE for the Project for the identified gap amount of \$1,000,000. Staff has reviewed the HOME application and is recommending approval of HOME funds for the Project; a companion item is agendaized on Board of Supervisors agenda for Board approval of HOME funds for this project.

In order for the Project to move forward without further delay, the existing RDA Documents must be subordinated to the other lenders' loan agreements pending the outcome of the County's litigation against the California Department of Finance. The RDA Loan Documents will be subordinated to the USDA Section 514 loan, a loan from the Rural Community Assistance Corporation Agricultural Worker Health and Housing Program, a loan from the Rural Community Assistance Corporation Ford Foundation, and the County HOME Loan. The RDA Loan will be in fifth position. Each aforementioned entity will require that the County of Riverside execute subordination agreements subordinating the RDA Loan Documents at a later date to signify their senior position to the RDA Loan Documents.

Staff recommends that the Board approve the subordination of the RDA Loan Documents to the other lenders' loan agreements for the Project and authorize the Executive Director to sign the subordination agreements and other necessary and relevant documents to implement the subordination agreements.

FINANCIAL DATA:

Not Applicable.