

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

825



FROM: Economic Development Agency

SUBMITTAL DATE:
September 12, 2013

SUBJECT: First Amendment to the HOME Loan Agreement for the Use of HOME funds for Los Vinedos Mobile Home Park in the Unincorporated Community of Mecca

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached First Amendment to the HOME Loan Agreement between the County of Riverside and Desert Alliance for Community Empowerment, a California nonprofit public benefit corporation;
2. Authorize the Chairman of the Board of Supervisors to execute the attached First Amendment to the HOME Loan Agreement;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

| | | | | |
|-----------------------|-------------------------------|------|-------------------------|---------|
| FINANCIAL DATA | 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: | 2013/14 |

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnerships Act Funds

| | |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL
 BY: *Annie T. Sahhar* 8/27/13
 ANNIE T. SAHHAR DATE
 Departmental Concurrence

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

Prev. Agn. Ref.: 3-5 of 6/25/2013; 3-6 of 5/21/2013

District: 4/4

Agenda Number: **3-23**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

RECOMMENDED MOTION: (Continued)

3. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the First Amendment to the HOME Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to approval by County Counsel.

BACKGROUND:

On June 25, 2013, the Riverside County Board of Supervisors approved a loan agreement in the amount of \$1,000,000 for the use of HOME Investment Partnerships Act Funds (HOME Loan Agreement) with Desert Alliance for Community Empowerment (DACE), a California nonprofit public 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 acre lot located at the southeast corner of Hammond Road and 68th Avenue, in the unincorporated community of Mecca.

The HOME Loan Agreement includes a financing contingency which requires DACE to secure sufficient funding to develop the Project by September 30, 2013. If DACE does not provide binding loan commitments acceptable to the County the HOME Loan Agreement will terminate. DACE has informed the County that the submittal of the United States Department of Agriculture (USDA) Rural Utilities Grant application has taken longer than expected, but that the application is currently under review by USDA. DACE has submitted a letter requesting that the County extend the financing contingency deadline for an additional 3 months to allow them to secure the USDA Agriculture Rural Utilities Grant.

DACE has demonstrated to staff that they have made every effort to secure funding within the original agreed upon deadline and that the extension is warranted. The attached First Amendment to the HOME Loan Agreement will extend the financing contingency requirement of the HOME Loan Agreement until December 30, 2013. Should DACE not secure all funding required to develop the Project by the revised December 30, 2013, deadline the HOME Loan Agreement will terminate. All other terms and conditions of the HOME Loan Agreement will remain unchanged.

County Counsel has reviewed and approved the First Amendment to the HOME Loan Agreement. Staff recommends that the Board of Supervisors approve the First Amendment to the HOME Loan Agreement.

FINANCIAL DATA:

All the costs related to the development of the Project will be fully funded with HOME Investment Partnerships Act Funds. The County of Riverside has budgeted this expense in the FY 2013/2014 budget.

Attachment:

First Amendment to HOME Loan Agreement for the use of HOME funds

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE 6103

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 Economic Development Agency
7 5555 Arlington Avenue
8 Riverside, CA 92504
9 Attn: Juan Garcia

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **FIRST AMENDMENT TO HOME LOAN AGREEMENT FOR THE USE OF**
12 **HOME FUNDS**

13 This First Amendment to the Loan Documents for the Use of HOME Funds (the "First
14 Amendment") is made and entered into as of the ___ day of _____, 2013, by and
15 between the COUNTY OF RIVERSIDE ("COUNTY"), a political subdivision of the State of
16 California and Desert Alliance for Community Empowerment, a California nonprofit public
17 benefit corporation ("OWNER").

18 WITNESSETH:

19 **WHEREAS**, COUNTY and OWNER entered into a HOME Loan Agreement for the use
20 of HOME funds dated June 25, 2013 (the "HOME Loan Agreement"); and

21 **WHEREAS**, pursuant to the HOME Loan Agreement, OWNER proposed to develop
22 and construct an 41 unit affordable mobile home park ("Project") identified as Los Vinedos
23 Mobile Home Park on an identified site described in the attached Exhibit "A"; and

24 **WHEREAS**, on June 25, 2013, COUNTY agreed to loan OWNER HOME funds in the
25 original principal amount of One Million Dollars (\$1,000,000) (the "HOME Loan") for
26 construction and permanent financing. The HOME Loan is evidenced by a promissory note
27 (the "HOME Note") and secured by a deed of trust with assignment of rents dated June 25,
28 2013 (the "Home Deed of Trust"). The HOME Loan Agreement, the HOME Note, the HOME
Deed of Trust and any other documents evidencing or securing the HOME Loan shall
collectively be referred to herein as the "County HOME Documents"; and

WHEREAS, in accordance to Section 52 of the HOME Loan Agreement ("Project

1 Financing Contingency”) the OWNER is required to secure sufficient funding to develop the
2 Project by September 30, 2013; and

3 **WHEREAS**, if the OWNER does not comply with the Project Financing Contingency the
4 HOME Loan Agreement will be terminated; and

5 **WHEREAS**, OWNER has informed the County that the application submittal of one of
6 the identified funding sources of the Project has taken longer than expected; and

7 **WHEREAS**, OWNER has requested a three (3) month extension to the Project
8 Financing Contingency; and

9 **WHEREAS**, by amending the HOME Loan Agreement, the Project can move forward
10 and the COUNTY’s supply of affordable housing shall increase;

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

14 1. Section 52 of the HOME Loan Agreement is deleted and replaced in its entirety with
15 the following:

16 “PROJECT FINANCING CONTINGENCY. This Agreement is expressly
17 conditioned upon BORROWER’s receipt, on or prior to **December 30, 2013**
18 of (i) such binding loan commitments for new loans as may be required by
19 BORROWER, on terms and conditions acceptable to BORROWER, in its
20 sole discretion, including, without limitation, (a) loan from the United States Department of
21 Agriculture Rural Development Section 514 Farm Labor Housing Program, (b) a grant
22 from United States Department of Agriculture Farm Labor Housing Program Section 516,
23 (c) a grant from the United States Department of Agriculture Rural Utilities Grant, (d) a
24 loan from the Rural Community Assistance Corporation Agricultural Worker Health and
25 Housing Program, (e) a loan from the Rural Community Assistance Corporation Ford
26 Loan (f) a grant from the Rural Community Assistance Corporation, and (f) a loan from
27 the Federal Home Loan Affordable Housing Program(the “Senior Lien Holder”). If
28 BORROWER does not provide binding loan commitments in executed signed



1 agreements of all financing listed herewith and in the amount not less than listed in
2 Exhibit "A", then COUNTY and BORROWER mutually agreed that this Agreement will
3 self-terminate. Upon such termination, this Agreement shall be null and void. COUNTY
4 and BORROWER shall be released and discharged respectively from its obligations
5 under this Agreement. At that time all cost incurred by each party on the Project will be
6 assumed respectively, and each party shall be released from all liability under this
7 Agreement."

- 8 2. Exhibit "A" of the COUNTY HOME Loan Agreement is hereby replaced with the revised
9 Exhibit "A" of this First Amendment, which is attached hereto and by this reference
10 incorporated herein.
- 11 3. This First Amendment and the HOME Loan Documents contain the entire understanding
12 and agreement of the parties hereto. There are no oral or written representations,
13 understandings, or ancillary covenants, undertakings or agreements, which are not
14 contained or expressly referred to within this First Amendment and the HOME Loan
15 Documents.
- 16 4. Except as modified and amended by this First Amendment, all other terms and conditions
17 of the County HOME Documents remain unmodified and in full force and effect.
- 18 5. This First Amendment may be signed by the different parties hereto in counterparts, each
19 of which shall be an original but all of which together shall constitute one and the same
20 agreement.
- 21 6. The effective date of this First Amendment is the date the parties execute the First
22 Amendment. If the parties execute the First Amendment on more than one date, then the
23 last date the First Amendment is executed by a party shall be the effective date.
- 24 7. This First Amendment is not binding until approved by the Board of Supervisors.

25
26 (SIGNATURES ON NEXT PAGE)

27 //

28 //

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

3
4
5 COUNTY:

6 County of Riverside

BORROWER:

7 Desert Alliance for Community Empowerment, a
8 California nonprofit public benefit corporation

9 By: _____
10 John J. Benoit, Chairman
11 Board of Supervisors

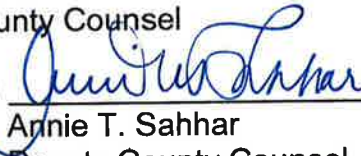
By:  _____
Jeffrey A. Hays
Executive Director

12 ATTEST:

13 KECIA HARPER-IHEM
14 Clerk of the Board

15
16 By: _____
17 Deputy

18
19 **APPROVED AS TO FORM:**
20 PAMELA J. WALLS
21 County Counsel

By:  _____
Annie T. Sahhar
Deputy County Counsel

22
23
24
25
26 **(Signatures on this page need to be notarized)**
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF RIVERSIDE }

On 8-22-2013, before me, Maria Coyt Diaz Notary Public
Date Here Insert Name and Title of the Officer

personally Jeffrey A. Hays 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 Maria Coyt Diaz
Signature of Notary Public

Place Notary Seal Above



EXHIBIT "A"

OWNER: Desert Alliance for Community Empowerment
Address: 53-990 Enterprise Way, Suite 1, Coachella, CA 92236
Project Title: Los Vinedos Mobile Home Park
Location: The project site is approximately 13.76 acres and situated on the southeast corner of Hammond Road and 68th Avenue in the unincorporated community of Mecca.

Description:

Borrower will utilize \$1,000,000 in HOME funds 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. Phase I will have 41 units and Phase II will have 43 units. The proposed project is located on a 13.76 acre lot located on the southeast corner of Hammond Road and 68th Avenue, in the unincorporated community of Mecca, with Parcel Map No. 36456 (Project Site). The Project site will contain two "paper lots" (not subdivided or mapped as separate, only for construction/lending purposes), with separate legal boundary descriptions. Lot A contains Phase 1(5.66 acres) and Lot B contains Phase 2 (8.10 acres), described in more detail in Attachment A-1 (metes and bounds and phasing).

The Project will be comprised of 41 manufactured homes; 36 three-bedroom unit and 5 four-bedroom units. One three-bedroom mobile home will be set aside as a manager's unit. Project amenities include a 1,500 square foot community center, computer lab, and open space.

Also, DACE has designated an area for a future 1,100 square foot building that would be used as a day care center. Along with the building area, a 1,000 square foot area has been reserved for a playground area for the potential day care center. Financing for the daycare center and the playground area has not been secured. DACE will actively seek out financing and will only build the daycare and playground if successful in securing funding.

A total of eleven (11) units will be designated as "Floating" Low HOME rent units ("HOME Assisted Units"). The eleven (11) HOME assisted units will consist of 10-three bedroom, and 1-four bedroom units. All eleven (11) units will be restricted to extremely low-income households whose incomes do not exceed thirty percent (30%) of the area median household income in Riverside County. The HOME assisted units shall be restricted for a period of at least 33 years from the recordation of the Notice of Completion.

While the function and use of Phase 1 is defined by the attached description of metes and bounds, the entire parcel (13.76 acres) will serve as security for the HOME Loan and recorded liens for construction/work and permanent financing on Phase 1. Phase 2 will be developed by Rancho Housing Alliance utilizing a ground lease from DACE to Rancho Housing Alliance. All funding liens used for the development and construction of Phase II will be secured by the leasehold interest only, and not the real estate.

All amenities will be available to tenants of both Phase I and Phase II.

LEGAL DESCRIPTION OF PROPERTY

That part of the Northwest quarter of Section 21, Township 7 South, Range 9 East, San Bernardino Base and Meridian, lying North and East of a line parallel with and 200.00 feet distant Northeasterly of the centerline of the Southern Pacific Railroad Company's right of way as now constructed.

Excepting therefrom any portion lying within Hammond Road.

Assessor Parcel # 729-050-002-3

Phase 1 Legal Description is detailed in Exhibit A-1

Project Permanent Sources and Uses of Fund:

Sources:

| | |
|--|---------------------|
| U.S. Department of Agriculture Rural Development Section 514 Farm Labor Housing Loan 33yrs @ 1% | \$ 2,300,000 |
| USDA Section 516 Farm Labor Housing Grant | \$ 700,000 |
| USDA RD Rural Utilities Grant | \$ 661,434 |
| RCAC Agricultural Worker Health and Housing Program Loan 15 yrs @ 1% | \$ 1,000,000 |
| RCAC Grant | \$ 391,100 |
| Federal Home Loan Bank AHP | \$ 410,000 |
| RCAC Ford Foundation Loan | \$ 950,000 |
| County HOME Loan | <u>\$ 1,000,000</u> |
| Total Sources | \$ 7,412,534 |

United States Department of Agriculture (USDA)
Rural Community Assistance Corporation (RCAC)

Uses:

Los Viñedos - Phase 1 Offsite

| | |
|-----------------------------|------------------|
| Offsite Sanitary Sewer | 141,564 |
| Storm Drainage | 52,625 |
| Offsite Street Improvements | 746,561 |
| Landscaping ROW | 86,057 |
| Offsite Water 8" DIP | 247,844 |
| Offsite Dry Utilities Fees | 288,500 |
| Offsite Dry Utilities | 233,786 |
| Survey | <u>22,100</u> |
| Total Offsite | 1,819,036 |

Los Viñedos - Phase 1 Onsite

| | |
|---|------------------|
| MH Site Improvements & Community Center | 1,712,894 |
| New Coaches only | 1,510,874 |
| Contractor General Requirements | 155,000 |
| General Liability Insurance | 50,000 |
| Architect/Engineer | 338,611 |
| Construction Interest | 0 |
| Contingency | 258,000 |
| Land Development Process Fees | 788,621 |
| Soft Costs | 39,498 |
| Developer Fee | 550,000 |
| USDA RD Capital Reserve | 140,000 |
| Land Easement/Acquisition | <u>50,000</u> |
| Total Onsite | 5,593,498 |

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 documentation that the funds were disbursed for this project as set forth in this schedule of Permanent Sources and uses of Funds.

Insert Offsite Improvements Cost Breakdown

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$250,000) are required. The HOME match in the amount of \$250,000 will be satisfied from the Federal Home Loan Bank AHP Loan.

BORROWER shall submit to 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

| Milestone | Completion Date |
|---|------------------------|
| 1. Project Financing Contingency (Section 51) | December 30, 2013 |
| 2. Begin Construction | January 30, 2014 |
| 3. Marketing & Affirmative Action | June 2014 |
| 4. Lease Agreement, Proposed Rents, and Utilities | December 30, 2014 |
| 5. Certificate of Occupancy | October 1, 2014 |
| 6. Occupancy of HOME units | December 30, 2014 |
| 7. Submission of Final actual project costs and Sources and Uses of Funds | December 30, 2014 |
| 8. Submission of income & ethnic characteristics report | December 30, 2014 |

DOCUMENT SUBMISSION SCHEDULE

| Documents | Due Date |
|--|--|
| 1. Construction Activities Reporting | Monthly, due by the 5 th of each month |
| 2. Liability and Certificate of Workers' Compensation Insurance for DACE and General Contractor (GC) | BORROWER – 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 COUNTY additionally insured. |
| 3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting | Semi-Annually– Sept 30th & March 31st |
| 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 th of each month |
| 7. The filing of the Notice of Completion | End of Construction |
| 8. Certificate of Occupancy | End of Construction |
| 9. Tenant Checklist Reporting | Close of Project; and Semi-Annually– Sept 30th & March 31st |
| 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 |

Exhibit A-1

