

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



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
January 14, 2015

**SUBJECT:** Approve the Loan Agreement for the Use of HOME funds for Orange Blossom III Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$1,265,000], HOME Investment Partnership Act Funds 100%; Project is Exempt Under CEQA

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

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.359(a) and in accordance with the National Environmental Policy Action of 1969;

(Continued)

Robert Field  
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
<b>COST</b>	\$ 1,265,000	\$ 0	\$ 1,265,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	

<b>SOURCE OF FUNDS:</b> HOME Investment Partnerships Act Funds	<b>Budget Adjustment:</b> No
	<b>For Fiscal Year:</b> 2014/15

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

FORM APPROVED COUNTY COUNSEL  
BY: GREGORY P. PRIAMOS  
DATE: 1/14/15

Departmental Concurrence

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: Esteban Hernandez  
1/14/15

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.:

District: 3

Agenda Number:

**3-3**

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Economic Development Agency

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**RECOMMENDED MOTION:** (Continued)

3. Approve the attached Loan Agreement for the Use of HOME Funds, including all attachments thereto (Loan Agreement), in the amount of \$1,265,000, between the County of Riverside and Riverside Housing Development Corporation, to pay a portion of the acquisition and rehabilitation costs for the Orange Blossom III Apartments in the Community of Valley Vista in the unincorporated area of the County of Riverside;
4. Approve the attached Deed of Trust with Assignment of Rent , HOME Loan Promissory Note and Covenant Agreement;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA or designee, to execute a Subordination Agreement subordinating the County's Deed of Trust with Assignment of Rents to a Deed of Trust for the benefit of the Community Development Financial Institution Fund securing a permanent loan for the project in an amount up to \$225,000, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, Deed of Trust with Assignment of Rent, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
8. Direct Riverside County EDA staff to file the Notice of Exemption within five working days.

**BACKGROUND:**

**Summary**

Riverside Housing Development Corporation, a California nonprofit public benefit corporation (RHDC), participates in the development and operation of housing that is affordable to low and moderated income people within the County of Riverside, combating community deterioration, and eliminating neighborhood blight. RHDC currently owns and operates 16 of 20 rental properties located on Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside (Orange Blossom Properties). Prior to RHDC acquiring the Orange Blossom Properties, Orange Blossom Lane, formerly known as Marine Drive, consisted of significant health and safety issues, including sub-standard housing, crime and gang activity. Since RHDC's acquisition of the Orange Blossom Properties, the health and safety issues within the immediate area have been drastically reduced and are non-existent on the properties owned by RHDC. Historically, the County of Riverside has assisted RHDC in the acquisition of these properties through funding from the former Redevelopment Agency and with HOME Investment Partnership Program (HOME) funds.

(Continued)

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**BACKGROUND:**

**Summary** (Continued)

RHDC is now proposing to utilize \$1,265,000 in HOME funds (HOME Loan) to acquire and rehabilitate two of the four remaining sub-standard rental properties located on Orange Blossom Lane. If approved, the HOME Loan would be evidenced by a Promissory Note in favor of the County (HOME Loan Note), which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (HOME Loan Deed of Trust). The proposed HOME Loan Deed of Trust and HOME Loan Note are attached hereto.

The proposed third phase will be located at 41933 and 41883 Orange Blossom Lane, Hemet, CA 92544 (Community of Valle Vista) (Property) and will consist of the acquisition and rehabilitation of two existing buildings, one building consisting of three units (one 3-bedroom and two 2-bedroom units) and one building consisting of four units (four 2-bedroom units) ("Proposed Project"). All units will be designated as HOME assisted units pursuant to HOME regulations. Two 2-bedroom units will be restricted for occupancy and rent by households whose incomes do not exceed 50% of the area median income for the County of Riverside with respect to household size and four 2-bedroom units and one 3-bedroom unit will be restricted for occupancy and rent by households whose incomes do not exceed 60% of the area median income for the County of Riverside. The use and occupancy of the Property and the HOME-assisted units located thereon will be restricted for the following period, the earlier to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which rehabilitation is completed for the Project. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

The total development cost for the Proposed Project is estimated to be \$1,490,000 which will be partially funded by a \$225,000 loan from the Community Development Financial Institution (CDFI) evidenced by a Promissory Note and secured by a Deed of Trust which will be recorded against the Property in a first priority lien position. The proposed County HOME Loan Deed of Trust will be in second position behind the CDFI loan Deed of Trust. The terms of the proposed HOME Loan and obligations of RHDC and the County are memorialized in the proposed Loan Agreement for the Use of HOME Funds attached hereto ("HOME Loan Agreement").

The proposed activities meet the conditions of categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35 (a) and are exempt activities pursuant to Title 24 CFR Section 58.34 (a)(12) and in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required. The project activity was included in the 2014/2015 One-Year Action Plan on January 13, 2015. In addition, pursuant to the California Environmental Quality Act (CEQA), the HOME Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project, the HOME Loan Agreement, involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment. A Notice of Exemption will be filed with the County Clerk upon approval of the HOME Loan Agreement.

(Continued)

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**BACKGROUND:**

**Summary** (Continued)

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

**Impact on Citizens and Businesses**

The acquisition and rehabilitation of the two additional properties on Orange Blossom Lane will have a positive impact on residents and businesses as it will continue to lessen health and safety issues in that area making Orange Blossom Lane a decent and safe place for residents to live. The project is also expected to create jobs in construction, property maintenance and property management.

Attachments:

Notice of Exemption  
Loan Agreement for the Use of HOME Funds  
Deed of Trust with Assignment of Rents  
Promissory Note  
Covenant Agreement