

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

342



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
June 17, 2010

**SUBJECT:** Resolution No. 2010-033, Approving Sale of Real Property by the Redevelopment Agency for the County of Riverside Assessor Parcel Number 608-340-031

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

1. Conduct a joint Public Hearing with the Redevelopment Agency Board of Directors per Health and Safety Code 33431 and 33433; and
2. Adopt Resolution No. 2010-033, Approving Sale of Real Property by the Redevelopment Agency for the County of Riverside.

**BACKGROUND:** (Commences on Page 2)

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/10

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** Yes

<b>SOURCE OF FUNDS:</b> N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

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

BY: *Jennifer L. Sargent*  
Jennifer L. Sargent

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Buster, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone and Benoit  
Nays: None  
Absent: Ashley  
Date: June 29, 2010  
xc: EDA, RDA, CIP

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

(Comp. Item 4.1)

Prev. Agn. Ref.: 4.1-1/5/2010; 4.2-12/16/2008; 5.1-5/8/07; 4.5-5/24/07; 4.5-4/27/07

District: 4

Agenda Number:

9.11

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORWARDED BY COUNTY COUNSEL  
 BY: *Michelle Clack*  
 DATE: 6/16/10  
 Departmental Concurrence: Christopher Hans

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

Economic Development Agency

Resolution No. 2010-033, Sale of Real Property by the Redevelopment Agency for the County of Riverside Assessor Parcel Number 608-340-031

June 17, 2010

Page 2

## **BACKGROUND:**

On July 11, 2006, the Board of Directors ("Board") gave conceptual approval for an affordable housing development on the property located at the southwest corner of Fred Waring Drive and Clinton Street with Assessor Parcel Number of 608-340-031 ("Site"), pursuant to Health and Safety Codes 33431 and 33433. When the Site was purchased by the Redevelopment Agency for the County for Riverside ("Agency") it consisted of a dilapidated and blighted 57 unit mobile home park commonly known as the Date Palm Mobile Home Park. Subsequently on April 24, 2007, the Board of Directors adopted a Replacement and Relocation Plan and the Agency has since permanently relocated all the residents living in the park and removed all the structures on Site.

The Agency issued a Request for Qualification and Proposal on November 11, 2007, for the development of an affordable housing project and National Community Renaissance of California ("Developer") was selected as the most responsive and qualified developer for the Site. The Developer is proposing to build an 80 unit multifamily affordable housing complex for low-income households ("Project"). On December 16, 2008, the Board approved Memorandum of Understanding Including Right to Negotiate ("MOU") with the Developer. The MOU included a loan to the Developer in the amount of \$408,000 ("Pre-development Loan") for expenses incurred in the entitlement process. Subsequently, on January 5, 2010, the Board approved loaning the Developer an additional \$589,400 for additional costs incurred in entitling the Project.

The Developer is in the process of applying for other gap financing, including but not limited to, Multifamily Housing Program funds from the California Department of Housing and Community Development and Federal and/or State tax credit financing for the development and construction of the Project. Some of the gap financing that the Developer will be applying for requires that the Developer have site control so staff is recommending approval of Resolution No. 2010-033, Approving Sale of Real Property by the Redevelopment Agency for the County of Riverside, for the sale of the vacant parcel with APN 608-340-031 to National Community Renaissance of California.

The Agency is proposing to enter into a Disposition and Development Agreement ("Agreement") with the Developer for the development of the Project.

County Counsel has approved the attached Resolution as to form. Staff recommends that the Board adopt Resolution No. 2010-033, Sale of Real Property by the Redevelopment Agency for the County of Riverside.

**COUNTY RESOLUTION NO. 2010-033**  
**APPROVING SALE OF REAL PROPERTY BY THE**  
**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**  
**ASSESSOR PARCEL NUMBER 608-340-031**  
**(Fourth Supervisorial District)**

**WHEREAS**, the Redevelopment Agency for the County of Riverside (the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the provisions of the Community Redevelopment Law which is Part 1 of Division 24 of the California Health and Safety Code (commencing with Section 33000 et seq.); and

**WHEREAS**, the Riverside County Board of Supervisors adopted redevelopment plans for Redevelopment Project Area Nos. 1-1986, Jurupa Valley, Mid-County, Desert Communities and the I-215 Corridor, as amended, (the "Project Areas"); and

**WHEREAS**, pursuant to Section 33670 of the Health and Safety Code, the Agency began receiving tax increment from the Project Areas in January 1988, and continues to receive annual tax increment revenue; and

**WHEREAS**, pursuant to Section 33430 of the Health and Safety Code, the Agency may, within the survey area or for purposes of redevelopment, sell, lease, for a period not to exceed 99 years, or otherwise dispose of any real or personal property or any interest in property; and

**WHEREAS**, pursuant to Health and Safety Code Section 33433, before any property of the agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold or leased for development pursuant to the redevelopment plan, the sale or lease shall first be approved by the legislative body by resolution after a public hearing; and

BY:  MICHELLE CLACK  
DATE

1           **WHEREAS**, the Agency wishes to sell a vacant parcel located at the southwest corner  
2 of Fred Waring Drive and Clinton Street with Assessor Parcel Number of 608-340-031 ("Site")  
3 to National Community Renaissance of California ("Developer"); and

4           **WHEREAS**, the Developer proposed to develop an eighty (80) unit affordable housing  
5 apartment complex; and

6           **WHEREAS**, the Agency, pursuant to Section 33334.2 of the California Health and  
7 Safety Code, wishes to utilize its Low- and Moderate-Income Housing Set Aside Funds to  
8 improve and increase the supply of affordable housing in the unincorporated county; and

9           **WHEREAS**, the Agency endeavors to preserve, protect, improve and increase the  
10 affordable housing stock and eliminate blight in the Project Area; and

11           **WHEREAS**, the sale of the Site will assist Agency in providing housing for families of  
12 low- or moderate-income; and

13           **WHEREAS**, the sale of the Site is consistent with the Implementation Plan adopted by  
14 the Agency pursuant to Section 33490; and

15           **WHEREAS**, the consideration is not less than the fair reuse value at the use and with  
16 the covenants and conditions and development costs authorized by the sale or lease.

17           **NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by the  
18 Board of Supervisors of the County of Riverside, State of California, in regular session  
19 assembled June 29, 2010, as follows:

20           1.       That the Board of Supervisors hereby finds and declares that the above recitals  
21 are true and correct.

22           2.       That the Board of Supervisors approves the Agency selling the Site to the Developer.

23       ///

ROLL CALL:

24       ///

Ayes:           Buster, Tavaglione, Stone, and Benoit

25       ///

Nays:           None

26       ///

Absent:         Ashley

27       ///

28           The foregoing is certified to be a true copy of a resolution duly  
adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By: \_\_\_\_\_  
Deputy

**SUMMARY REPORT FOR THE  
DISPOSITION AND DEVELOPMENT**

**BY AND BETWEEN**

**THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE,  
(AGENCY)**

**AND**

**NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA  
(a California nonprofit public benefit corporation)  
(DEVELOPER)**

**FOR**

**DESERT MEADOW FAMILY APARTMENTS**

**May 26, 2010**

**JUN 29 2010** 9.11

**REUSE ANALYSIS  
SUMMARY REPORT**

**DISPOSITION AND DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE  
(AGENCY)  
AND  
NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA  
(a California nonprofit public benefit corporation)  
(DEVELOPER)**

**INTRODUCTION**

National Community Renaissance of California, a California nonprofit public benefit corporation, (hereinafter the "Developer") has proposed to enter into a Disposition and Development Agreement (hereinafter the "Agreement") with the Redevelopment Agency for the County of Riverside (hereinafter the "Agency")

The purposes of the Agency to be advanced by the Agreement include the effectuation of the Agency's Redevelopment Plan (the "Plan") pursuant to which the Agency seeks to eliminate blight and to provide affordable housing within unincorporated territory within the County (the "County"); more specifically, the Agreement provides for conveyance of land owned by the Agency to the Developer and provides financing for the development of an 80 unit affordable housing apartment complex ("Project"). Development shall be subject to long-term affordability covenants, sixty eight (68) of the eighty (80) units will be restricted to rental to "Extremely Low" to "Very Low Income Households" at "Affordable Rent" (as such terms are defined in the Agreement in accordance with Sections 33334.2, 50105, 50052.5 and 50053 of the California Health and Safety Code). In accordance with the Plan and the terms of the Agreement, Developer desires to acquire and develop that certain real property located within the unincorporated County, with an address of 44071 Clinton Street, Indio, California 92201, Assessor Parcel Number 608-340-031 (herein, the "Site").

California Community Redevelopment Law requires a report be prepared to provide information about the provisions of this Agreement as provided under Health and Safety Code section 33433 as follows:

- (i) The cost of the agreement to the Agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the Agency, plus the expected interest on any loans or bonds to finance the agreements.
  
- (ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the Plan.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the Plan, then the Agency shall provide as part of the summary an explanation of the reasons for the difference.

(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

It is the intent of this Agency Summary Report (“Report”) to meet all of these requirements and provide the necessary information and data.

This Report is organized into the following sections:

- Salient Points of the Proposed Agreement
- Cost of the Agreement to the Agency
- Estimated Value of the Interest to be Conveyed
- Comparison of Purchase Price to the Fair Re-Use Value
- How The Agreement Contributes to the Elimination of Blight
- Facts Pertinent to the Agreement

## **SALIENT POINTS OF THE PROPOSED AGREEMENT**

### Description of the Property

The property to be conveyed by the Agency to the Developer is identified above under the caption “INTRODUCTION.” The Site is owned by the Redevelopment Agency for the County of Riverside. The Site consists of approximately 4.2 acres.

The Agency acquired the Site, primarily for the purpose of carrying out its obligation to eliminate blight and provide safe and decent affordable housing to its residents. When the Site was purchased by the Agency the Site consisted of a dilapidated and blighted 57 unit mobile home park known as the Date Palm Mobile Home Park. The park included a rental/residence office, a club house, guest parking, storage area, a swimming pool and common area. The living conditions at the park were unsafe for residents living in the park and the community. The Agency has since permanently relocated all the residents living at the park and demolished all improvements on the Site for health and safety reasons.

### Agency Responsibilities

Subject to the satisfaction by the Developer of conditions precedent to closing, including without limitation demonstration of the availability of other funding sources and readiness to fund in amounts sufficient to complete construction of those improvements required to be constructed under the Agreement (the "Improvements"):

1. The Agency will convey the Site to the Developer, subject to long-term affordability covenants, for a purchase price of \$1.00.
2. On December 16, 2008 the Agency agreed to loan the Developer \$408,000 (Pre-development Loan) for expenses incurred in the entitlement process of the development of the Site. Subsequently on January 5, 2010, the Agency increased the Pre-development Loan by an additional \$589,400 for additional costs incurred in entitling the Project. The Agency is now proposing to loan the Developer the amount of Seven Million Nine Hundred Thousand Dollars (\$7,900,000) (the "Agency Loan") to be used to reduce the cost of development to allow for the construction of an eighty (80) unit affordable rental housing complex. In accordance with the Pre-development Loan agreement upon execution of a Development Agreement the amount of the then outstanding balance of the Pre-development Loan shall be credited against any amount which the Agency is required to lend Developer pursuant to the Agency Loan. Sixty Eight (68) of the eighty (80) units will be restricted to Extremely Low to Very Low Income Households at Affordable Rents (as defined under the Redevelopment Law, and set forth with greater particularity in the Agreement, including the Regulatory Agreement which is Attachment No. 5 thereto). The restrictions of the Regulatory Agreement shall remain in effect a minimum of fifty five years (55). "Very Low Income Households" are households earning fifty (50%) percent or less of the Area Median Income for the County of Riverside.
3. The proceeds of Agency Loan are to be disbursed as follows:
  - a. The Agency shall pay Developer on a "cost-as-incurred" basis for all eligible approved costs in an amount not to exceed \$7,900,000,000; and
  - b. The Agency shall retain 10% of the total Agency Loan until a Certificate of Occupancy has been obtained.

### Developer Responsibilities

1. The Developer will purchase the Site from the Agency for \$1.00, subject to long-term affordability restrictions as set forth in the Regulatory Agreement. The Developer will seek to obtain other funding sources sufficient for the development and construction of the Improvements (when combined with proceeds of the Agency Loan). It is contemplated that such funding will include moneys from the federal and state Low-Income Housing Tax Credit Program ("TCAC"), Affordable Housing



Program (“AHP”), and state Multifamily Housing Program (“MHP”). Developer will exercise diligence in obtaining such funds.

2. The Developer will enter into the Agency Loan. All proceeds of the Agency Loan shall be used solely for development of the Site. The Agency Loan shall bear a three (3%) interest for 55 years as provided in the Agreement (and, specifically, the Agency Note, which is set forth as Attachment No. 12 to the Agreement). The Agency Loan will due in full after the fifty five (55) year affordability period.
3. The Developer shall operate and maintain, or cause to have operated and maintained, the apartments being developed on the Site in accordance with sound business practices and sound property maintenance practices for the entire 55-year affordability period.

### **COST OF THE AGREEMENT TO THE AGENCY**

The cost of acquiring and clearing the Site borne by the Agency is approximately \$4,565,866; such cost includes estimated land value based on appraisals conducted in the surrounding area, consideration paid for land, consulting fees, appraisal costs, relocation expenses, title expenses and various other costs and expenses; the foregoing figure is an estimated amount and does not include either an allocation of interest or an allocation of the cost of staff time expended on the acquisition of the Site or the negotiation of the Agreement.

Cost Incurred	
Land Acquisition	\$1,900,000
Relocation Expenses	\$2,242,256
Abatement of Mobiles	\$300,000
Clearing Site	<u>\$23,610</u>
Total	\$4,465,866

In return for this investment, the Agency will eliminate and redevelop a blighted Site. In addition, the Agency receives long-term affordability covenants.

### **ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED**

Based upon available comps in the area, the value of the Site is estimated to approximate the consideration paid to acquire the Site (approximately \$2,000,000).

### **COMPARISON OF PRICE TO THE FAIR MARKET VALUE AND THE FAIR RE-USE VALUE**

The fair market value of the Site is clearly significantly greater than \$1.00.

In comparing the sales price of \$1.00, plus an obligation to repay the Agency Loan as provided under the Agency Note from residual receipts, the price provided under the Agreement is

believed to be consistent with the fair reuse value of the Site, in view of the significant effect the requirements for affordability covenants, particularly those involving households having Very Low Incomes with rents restricted to not greater than 50% of Median Income, have on the potential of the Site to generate an income. By requiring that the Site be developed as an affordable rental project subject to such affordability restrictions, the resulting value is believed to be fairly reflected by what will be experienced as a portion of net cash flow after accounting for debt service, reserves and operating expenses; this is essentially what the Agreement provides.

### **HOW THE AGREEMENT CONTRIBUTES TO THE ELIMINATION OF BLIGHT**

The Site consists of cement pads in which the mobiles used to sit on, paved streets, and dried vegetation which has contributed to the blight of the community. The Improvements outlined in the Agreement, will result in the development of an eighty (80) unit affordable housing rental complex, which will be restricted during the fifty-five (55) year affordability period. In addition to removing blighting conditions, the Agreement provides for the construction of affordable housing thus effects construction of new development to modern standard, will add rental stock to the community, and earmarks rental units to low income households at an affordable housing cost, as indicated above.

### **FACTS PERTINENT TO THE AGREEMENT**

1. The sale of the Site for redevelopment under the conditions set forth in the Agreement will assist in the elimination of blight.

#### Statement of Support

The Agreement provides for the cleanup of blighted property and returns it to its full investment potential and productive use with a new development. The Agreement also provides the Agency with long-term affordable housing covenants relating to Very Low to Low Income Households and occupancy.

2. The sale of the Site will provide housing for very-low income households.

#### Statement of Support

The Agreement establishes covenants on the Site requiring thirty nine (39) of the eighty (80) to remain affordable for fifty-five (55) years, which is consistent with the requirements of California Redevelopment Law.

3. The sale of the Site is consistent with the Agency's Implementation Plan adopted pursuant to California Health and Safety Code Section 33490.

#### Statement of Support:

The Implementation Plan adopted by the Agency calls for projects to eliminate blight, to cooperate with the private sector to redevelop property within the Project Area and to provide housing for very low to low income households. This Agreement accomplishes all three of these objectives, and particularly contributes to production of housing affordable for Very Low Income Households.

4. The consideration to be paid for the Site is not less than the fair reuse value in accordance with the Plan.

Statement of Support:

The Agreement establishes a purchase price of \$1.00, with the Developer being obligated to repay the Agency Loan as described above; the resulting amount is deemed to be not less than the fair use value of the Site based on the affordability covenants and conditions, including development requirements that will be provided. The purpose is to fulfill the Agency's obligations to provide very low income housing as required by the State Community Redevelopment Law and the Agency's Redevelopment Plan for the Project Area, in addition to the economical development of the Site.

5. The consideration to be paid for the Site is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement.

Statement of Support:

The sales price of \$1.00, together with the obligation of the Developer to repay the Agency Loan, is based on the very-low to low income conditions and covenants that will be placed on the Site pursuant to the Agreement and to ensure the continued use of the Site for affordable housing.

6. The sale of the Site and the improvements to be financed are a benefit to the Project Area.

Statement of Support

The elimination of blight and the on-going provision of very low to low income housing is an integral part of the Redevelopment Plan for the Project Area. The sale and development of the Site is consistent with the Agreement and furthers the implementation of the Redevelopment Plan.

# THE PRESS-ENTERPRISE

3450 Fourteenth Street  
Riverside CA 92501-3878  
951-684-1200  
951-368-9018 FAX

**PROOF OF PUBLICATION  
(2010, 2015.5 C.C.P.)**

Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: NOI Desert Meadow Family Apts

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper of general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673 and under date of August 25, 1995, Case Number 267864; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

05-27-10  
06-03-10

I Certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: Jun. 3, 2010  
At: Riverside, California

EDAWDC COUNTY OF RIVERSIDE  
1325 SPRUCE ST STE 400  
RIVERSIDE CA 92507-0506

Ad #: 10276646

PO #:

Agency #: \_\_\_\_\_

Ad Copy:

## NOTICE OF PUBLIC HEARING AND NOTICE OF INTENT TO ADOPT A FINDING THAT NOTHING FURTHER IS REQUIRED

Notice is hereby given pursuant to Section 33431 and 33433 of the California Health and Safety Code that the Board of Directors of the Redevelopment Agency for the County of Riverside intends to sell real property identified as assessor parcel number 608-340-031 and it will consider a Development and Disposition Agreement by and between the Redevelopment Agency for the County of Riverside and National Community Renaissance of California on June 22, 2010 at 9:00 a.m., or as soon thereafter as the agenda of the Board permits, at 4080 Lemon Street, 1st Floor, Riverside, CA.

In accordance with the California Environmental Quality Act (CEQA), the Redevelopment Agency for the County of Riverside ("Agency") has found although the proposed project listed below could have a significant effect on the environment, nothing further is required because all potentially significant effects have been adequately analyzed in an earlier Mitigated Negative Declaration pursuant to applicable legal standards and have been avoided or mitigated pursuant to that earlier Mitigated Negative Declaration.

All potentially significant effects were adequately analyzed in Environmental Assessment No. EA42092 and a Mitigated Negative Declaration was adopted on January 12, 2010. Environmental Assessment No. RDA/CEQA 2010-04, the Mitigated Negative Declaration and accompanying Environmental Assessment No. EA42092 may be examined at the Redevelopment Agency for the County of Riverside, 3403 Tenth Street, Suite 500, Riverside, CA 92501. Comments regarding the determination may be directed to the Redevelopment Agency for the County of Riverside, Attention: Juan Garcia, no later than 5 pm, on before June 16, 2010.

The Finding will be considered by the appropriate public official or body that has the authority to approve or deny the project. Any comments received will be forwarded to the appropriate official or body and will be considered before final action is taken on the Finding and project. The official or body may take action on the project any time on or after (June 22, 2010). The final decision will be mailed to anyone requesting such notification.

### Project Description and Location

An Initial Study has been prepared for the project titled "Development and Disposition Agreement for the Desert Meadow Apartments".

The Disposition and Development Agreement (the "Agreement") proposes to convey land owned by the Agency to National Community Renaissance of California and provide financing for the development of an 80 unit affordable housing apartment complex. The development is new construction of a two and three-story multi-family apartment complex with a total of 80 units. Of the 80 units, 52 will be two-bedrooms at approximately 845 square feet and 28 will be three-bedroom at approximately 1,060 square feet. A three-bedroom unit will be set aside for an on-site manager. There will be four residential buildings and a 5,000 square foot community building on the Site. Other amenities will include a swimming pool and spa, lot lot, exercise room, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 172 parking spaces, with 83 spaces being covered parking.

The project will be located in an unincorporated area completely surrounded by the City of Indio, with an address of 44071 Clinton Street, Indio, California 92201, APN 608-340-031.

Please direct all questions regarding this notice to Juan Garcia, 951-955-3418. 5/27, 6/3