

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

417



FROM: Redevelopment Agency

SUBMITTAL DATE:
October 5, 2011

SUBJECT: Second Amendment to Memorandum of Understanding with Northtown Housing Development Corporation

RECOMMENDED MOTION: That the Board of Directors:

1. Make findings that the proposed Second Amendment to Memorandum of Understanding between the Redevelopment Agency for the County of Riverside and Northtown Housing Development Corporation is an enforceable obligation of the Agency;
2. Approve the Second Amendment to Memorandum of Understanding between the Redevelopment Agency for the County of Riverside and Northtown Housing Development Corporation;
3. Authorize the Chairman of the Board of Directors to execute the attached Second Amendment; and
4. Authorize the Executive Director, or his designee, to take all necessary steps to implement the Second Amendment including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND: (Commences on page 2)

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 445,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: Redevelopment Low- and Moderate-Income Housing Funds

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

G.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY

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

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: October 18, 2011
xc: RDA, Auditor

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: 4.2 of 12/23/08 and 4.6 of 1/25/11

District: 2

Agenda Number:

4.1

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD
Per Exec. Ofc.: ☐ Policy ☒ Consent ☒ Policy
FORM APPROVED BY COUNTY COUNSEL BY:
DATE: 10/23/11
ANITA C. WILLIS
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY:
DATE: 10/23/11
SAMUEL WONG

BACKGROUND: On December 23, 2008, the Board of Directors approved a Memorandum of Understanding (MOU) with Northtown Housing Development Corporation (NHDC) for the purpose of conducting all analysis and other activities for the process of "obtaining entitlements and preparations for financing necessary for analyzing and investigating the development of the proposed project." The terms also included negotiating the terms and conditions of a disposition and development agreement of an affordable housing project located at 5171 Mission Boulevard and 3720 Crestmore Road in the community of Rubidoux with Assessor Parcel Number (APN) 179-330-003 and 179-330-005. The MOU included a predevelopment loan in an amount up to \$660,000 for expenses that would be incurred in the process of obtaining all entitlements and financing necessary for the development of the site.

On January 25, 2011, the Board of Directors approved the First Amendment to Memorandum of Understanding to add the property at 3640 Crestmore Road with APN 179-330-002 for inclusion into the site and extend the term of the agreement to December 23, 2012. The predevelopment loan amount did not account for the additional costs associated with the addition of the property at 3640 Crestmore Rd. Moreover, the initial project budget severely underestimated the architectural and engineering costs associated with the predevelopment of the proposed project.

As of July 1, 2011, the project is now in the territorial jurisdiction of the City of Jurupa Valley, but remains inside the Redevelopment Agency for the County of Riverside's Jurupa Valley Project Area. Subsequently, entitlements for the project must be approved through the City of Jurupa Valley, which will also increase the predevelopment costs.

NHDC is requesting an additional \$445,000 to pay for architectural, engineering and other costs necessary to prepare for tax credit application in 2012. Staff recommends amending the MOU and increasing the predevelopment loan from \$660,000 to \$1,105,000 and amending the predevelopment budget set forth in Exhibit A. All other terms and conditions of the MOU will remain unchanged.

This amendment to this agreement is considered an enforceable obligation and may be executed because the original agreement was executed on December 23, 2008, a date prior to the enactment of ABx1 26 and ABx1 27, the Assembly bills regarding redevelopment that were signed by Governor Brown on June 29, 2011. Additionally, the addition of the property at 3640 Crestmore Rd., and the associated obligations were incurred pursuant to the First Amendment to the MOU approved by the Board on January 25, 2011. The Agency obligated itself to provide the funds the expenses "that will be incurred in the process of obtaining all entitlements and preparations for financing...." for the predevelopment of this project. NHDC has moved forward in reliance that the Agency will perform its obligation. Also, review by the City of Jurupa is mandatory. Therefore the proposed Second Amendment to the MOU is required and is an enforceable obligation of the Agency and necessitates an amendment to the scope of work of the original project.

Agency counsel has reviewed and approved as to form the attached Second Amendment to Memorandum of Understanding. Staff recommends that the Board of Directors approve the Second Amendment to Memorandum of Understanding.

Attachments:

- Second Amendment to Memorandum of Understanding

**SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING
INCLUDING EXCLUSIVE RIGHT TO NEGOTIATE**

This Second Amendment to Memorandum of Understanding ("Second Amendment") is made and entered into this 18th day of October, 2011, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("AGENCY"), a public body, corporate and politic and NORTHTOWN HOUSING DEVELOPMENT CORPORATION ("DEVELOPER"), a California nonprofit public benefit corporation.

WITNESSETH:

WHEREAS, on December 23, 2008, AGENCY approved a Memorandum of Understanding ("MOU") including Exclusive Negotiating Rights for the purpose of negotiating the terms and conditions of a Disposition and Development Agreement of an affordable housing project located at 5171 Mission Boulevard and 3720 Crestmore Road, in the community of Rubidoux with Assessor Parcel Numbers 179-330-003 and 179-330-005 (the "Site");

WHEREAS, AGENCY is providing DEVELOPER a predevelopment loan in the amount of \$660,000 for expenses that will be incurred in the process of obtaining all entitlements and preparations for financing necessary for analyzing and investigating the development of the Site;

WHEREAS, on January 25, 2011, AGENCY approved the First Amendment to Memorandum of Understanding to add the property at 3640 Crestmore Road with Assessor Parcel Number 179-330-002 for inclusion into the Site and extend the term of the agreement to December 23, 2012;

WHEREAS, AGENCY, in adding the additional property and extending the term of the agreement, did not increase the predevelopment loan to cover the costs associated with the predevelopment activities, including increased engineering and architectural costs;

WHEREAS, as of July 1, 2011, the project is in the territorial jurisdiction of the

1 City of Jurupa Valley, but remains inside AGENCY's Jurupa Valley Project Area;

2 **WHEREAS**, DEVELOPER has requested an additional \$445,000 to pay for
3 architectural and engineering construction documents and other costs associated
4 with the predevelopment necessary to complete the tax credit application in 2013
5 pursuant to the schedule set forth in Exhibit B of the MOU, and as shown, in **Exhibit**
6 **A** which is attached hereto and by this reference incorporated herein; and

7 **WHEREAS**, AGENCY and DEVELOPER desire to amend the MOU and
8 increase the predevelopment loan from \$660,000 to \$1,105,000; and

9 **WHEREAS**, amending the MOU will assist AGENCY in fulfilling its affordable
10 housing objectives.

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

- 14 1. Section 3 of the MOU shall be amended to increase the amount of the
15 predevelopment loan from \$660,000 to \$1,105,000 in Redevelopment Low-
16 and Moderate-Income Housing funds.
- 17 2. The Predevelopment Budget in Exhibit A of the MOU is amended by
18 deleting it in its entirety and replacing it with the Predevelopment Budget
19 which is attached hereto and by this reference incorporated herein as
20 Exhibit A.
- 21 3. The Schedule of Performance in Exhibit B of the Memorandum of
22 Understanding shall be deleted in its entirety and replaced by the Schedule
23 of Performance which is attached hereto and by this reference incorporated
24 herein as Exhibit B.
- 25 4. All other terms and conditions of the MOU shall remain unmodified and in
26 full force and effect.
- 27 5. This Second Amendment, the First Amendment and the MOU set forth and
28 contain the entire understanding and agreement of the parties hereto. There

1 are no oral or written representations, understandings, or ancillary
2 covenants, undertakings or agreements, which are not contained or
3 expressly referred to within this Second Amendment, the First Amendment
4 and the MOU.

- 5 6. This Second Amendment may be signed by the different parties hereto in
6 counterparts, each of which shall be an original, but all of which together
7 shall constitute one and the same agreement.

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1 **IN WITNESS WHEREOF**, AGENCY and DEVELOPER have executed this
2 Amendment as of the date first written above.

3
4 **AGENCY:**

DEVELOPER:

5 REDEVELOPMENT AGENCY
6 FOR THE COUNTY OF RIVERSIDE

NORTHTOWN HOUSING DEVELOPMENT
CORPORATION, a California nonprofit public
benefit corporation

7
8 By: Bob Buster
9 BOB BUSTER, Chairman
10 Board of Directors

By: Rebecca Dennis
REBECA DENNIS
Executive Director

11
12 APPROVED AS TO FORM:
13 PAMELA J. WALLS
14 Agency Counsel

15 By: Anita C. Willis
16 ANITA C. WILLIS
17 Deputy

18 ATTEST:
19 KECIA HARPER-IHEM
20 Clerk of the Board

21 By: Kecia Harper-Ihem
22 Deputy

Exhibit A

Predevelopment Budget

Description	Amount
Architectural Fees	\$ 342,041
Engineering Fees	\$ 119,061
A&E Construction Documents	\$ 445,000
Preconstruction Geotechnical	\$ 31,000
Market Study, Appraisal	\$ 20,000
Financial Feasibility/ TCAC Advisor	\$ 75,000
TCAC Application Fee	\$ 2,000
County and City Permits	\$ <u>70,898</u>
Total Uses	\$ 1,105,000

EXHIBIT "B"

Schedule of Performance

MOU/ ENA/ Predevelopment Agreement Board Approval	December 23, 2008
Cottonwood MHP Acquisition	May 27, 2009
General Plan Amendment Application Submittal Board Approval	September 15, 2009 December 2009
Additional Parcel Acquisition	August 18, 2010
Fast Track	October 7, 2010
Change of Zone and Plot Plan Application Submittal Approval	February 7, 2011 November 3, 2011
Architectural & Engineering Drawings First Plan Check Submittal	January 30, 2012
Grading Permits	June 30, 2012
TCAC Application Submittal	First TCAC Funding Round of 2013, or June 30, 2013