



REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- 04480

DATE OF FINAL PASSAGE JAN 22 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE FIRST IMPLEMENTATION AGREEMENT TO THE OWNER PARTICIPATION AGREEMENT FOR THE 15TH AND COMMERCIAL AFFORDABLE HOUSING PROJECT LOCATED IN THE EAST VILLAGE REDEVELOPMENT DISTRICT OF THE EXPANSION SUB AREA OF THE CENTRE CITY REDEVELOPMENT PROJECT AREA.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project Area [Project Area]; and

WHEREAS, the Centre City Development Corporation [Corporation] is authorized to administer, on behalf of the Agency, the Project Area; and

WHEREAS, in order to carry out and implement the objectives of the Redevelopment Plan for the Project Area, the Agency entered into that certain Owner Participation Agreement dated July 29, 2009 [OPA], with S.V.D.P. Management, Inc., a California corporation [Prior Owner], pursuant to Resolution No. R-04439 adopted effective July 28, 2009; a copy of the OPA is on file in the office of the secretary of the Agency as Document No. D-04439; and

WHEREAS, the OPA contemplates an affordable housing project involving the demolition of an existing structure with 150 transitional housing beds and the development and construction of a new 12-story structure with 150 transitional housing beds, 64 permanent housing units, one manager's unit and a day care center for children [Project] on a site located on

the north side of Commercial Street between 15th and 16th Streets within the East Village District of the Expansion Sub Area of the Project Area [Property]; and

WHEREAS, the OPA further contemplates that the Agency will provide financial assistance in the form of a residual receipts loan in an amount not to exceed \$7,300,000, to be applied toward construction of the affordable housing component of the Project, subject to the terms of the OPA; and

WHEREAS, at the time of approval of the OPA, the Prior Owner anticipated that the Project also would be funded by, among other things, an award of 9 percent federal tax credits by the California Tax Credit Allocation Committee [CTCAC] and the purchase thereof by a tax credit investor; however, even though CTCAC allocated the 9 percent tax credits to the Project in October 2009, the Prior Owner has been unable to secure an investment commitment from a tax credit investor due to current adverse market conditions; and

WHEREAS, instead of being purchased by a tax credit investor as envisioned by the OPA, the 9 percent tax credits allocated to the Project have been or will be substituted with certain tax credit exchange financing administered by CTCAC in accordance with the American Recovery and Reinvestment Act of 2009; and

WHEREAS, the Prior Owner will no longer form a tax credit limited partnership in connection with the 9 percent tax credit financing envisioned by the OPA, but the Prior Owner has formed a new limited partnership in order to fulfill the requirements of the tax credit exchange program administered by CTCAC as well as another source of financing for the Project, namely the transit oriented development housing program administered by the California Department of Housing and Community Development; and

WHEREAS, the newly-formed limited partnership is 15th & Commercial, L.P., a California limited partnership (“New Owner”), in which the Prior Owner serves as the managing general partner and an affiliate of Chelsea Investment Corporation, a California corporation, serves as the administrative general partner; and

WHEREAS, the Agency, the Prior Owner and the New Owner desire to amend the OPA and certain of its exhibits pursuant to the terms and conditions of the First Implementation Agreement to the OPA [First Implementation Agreement], which will reflect, among other things: (i) the updated financing structure for the Project, (ii) the formation of the New Owner, its acquisition of the Property from the Prior Owner before the construction loan closing, and its potential transfer of the Property back to the Prior Owner upon expiration of the 15-year tax credit compliance period, and (iii) revisions to certain line items in the Project budget based on updated information and “value engineering” analysis; and

WHEREAS, the First Implementation Agreement will not modify the residential density or operational aspects of the Project and will not increase the overall Project budget or change the maximum amount of the Agency’s financial assistance toward the Project; and

WHEREAS, on November 18, 2009, the Corporation’s Board of Directors voted unanimously to recommend that the Agency enter into the First Implementation Agreement; and

WHEREAS, the Agency has duly considered the Corporation’s recommendation and all terms and conditions of the proposed First Implementation Agreement and determines that the revisions contained therein are in the best interest of the Project Area, the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements; and

WHEREAS, the Agency has considered any written evidence and testimony received in support of or in opposition to the First Implementation Agreement, as well as the entire record prepared by Agency and Corporation staff; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego [Agency], as follows:

1. That the Agency hereby finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated herein by this reference.
2. That the Agency hereby approves the First Implementation Agreement and all exhibits attached thereto. A copy of the First Implementation Agreement, after execution by the parties, together with the accompanying exhibits, shall be placed on file in the office of the secretary of the Agency as Document No. D- 04480.
3. That the Executive Director of the Agency, or designee, is hereby authorized, for and on behalf of the Agency, to execute the First Implementation Agreement and all other documents necessary and appropriate to carry out and implement the First Implementation Agreement according to its terms, and to administer the Agency's obligations, responsibilities and duties to be performed thereunder.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Kevin Reisch  
Kevin Reisch  
Deputy General Counsel

KR:cw  
12/23/09  
Or.Dept: CCDC  
RA-2010-46  
MMS #11164

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of JAN 12 2010.

REDEVELOPMENT AGENCY

By   
Jeannette Santos, Deputy Secretary

Approved: 1.22.10  
(date)

  
JERRY SANDERS, Executive Director

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Executive Director

JAN 12 2010

Passed by the Redevelopment Agency of The City of San Diego on \_\_\_\_\_, by the following vote:

Agency Members	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


Date of final passage JAN 22 2010

AUTHENTICATED BY:

JERRY SANDERS  
Executive Director of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND  
Secretary of The City of San Diego, California.

By , Deputy

Office of the Redevelopment Agency, San Diego, California
Resolution Number R- <u>04480</u>