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REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- 04496

DATE OF FINAL PASSAGE MAR 18 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (i) APPROVING THE OWNER PARTICIPATION AGREEMENT [OPA] RELATING TO THE ACQUISITION AND REHABILITATION OF THE VISTA GRANDE AFFORDABLE HOUSING PROJECT [PROJECT] LOCATED WITHIN SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION'S AREA OF INFLUENCE, (ii) AUTHORIZING THE EXPENDITURE OF THE AGENCY'S FUNDS UP TO AN AMOUNT OF \$781,073, INCLUDING \$411,044 FROM THE AGENCY'S TAXABLE BOND PROCEEDS AND \$370,029 FROM THE AGENCY'S LOW AND MODERATE INCOME HOUSING FUNDS FOR THE CENTRAL IMPERIAL AND MOUNT HOPE REDEVELOPMENT PROJECT AREAS, TO FINANCE A PORTION OF THE PROJECT'S COSTS; (iii) AUTHORIZING THE AGENCY'S EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE ALL NECESSARY DOCUMENTS AND ADMINISTER THE AGENCY'S OBLIGATIONS FOR THE PROJECT, AS PROVIDED IN THE OPA; AND (iv) APPROVING THE BASIC CONCEPT DRAWINGS FOR THE PROJECT.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plans for the Central Imperial Redevelopment Project Area and the Mount Hope Redevelopment Project Area [collectively, Redevelopment Project Areas] in accordance with the California Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*) [CRL]; and

WHEREAS, Southeastern Economic Development Corporation [SEDC], acting on behalf of the Agency, has negotiated an Owner Participation Agreement [OPA] with Wakeland Housing and Development Corporation, a California nonprofit corporation [Wakeland], pertaining to the acquisition and rehabilitation of the existing 49-unit apartment complex known

as Vista Grande Apartments [Project], located at 5391 and 5411-5425 Santa Margarita Street in the City of San Diego [collectively, Property]; and

WHEREAS, the Property is located within SEDC's area of influence, and is outside of, but in close proximity to, the Redevelopment Project Areas; and

WHEREAS, Wakeland has a present contractual right to acquire the Property from the current owner, and Wakeland will assign such right to the San Diego Housing Commission [Commission], which in turn will acquire the Property and enter into a 65-year ground lease with Wakeland's affiliate (anticipated to be a tax credit limited partnership formed for the purpose of facilitating the tax credit financing of a portion of the Project's costs); and

WHEREAS, the Commission will retain the right to acquire the leasehold improvements from Wakeland's affiliate at the end of the tax credit compliance period -- expected to be approximately 15 years after the completion of the rehabilitation work; and

WHEREAS, the OPA requires Wakeland (or its affiliate) to facilitate the completion of the rehabilitation work and thereafter operate the Property as rental housing that is affordable to at least 5 Extremely Low Income households, 29 Very Low Income households and 14 Low Income households (as defined and provided for in the OPA), together with one unrestricted on-site manager's unit; and

WHEREAS, in accordance with the OPA, 55-year affordability covenants related to the 48 income-restricted residential units [Affordable Units] will be recorded in a first-priority position against both fee title to the Property and the long-term leasehold interest held by Wakeland's affiliate; and

WHEREAS, the OPA contemplates that the Agency will issue to Wakeland (or its affiliate) a forgivable, residual receipts loan in an amount not to exceed \$781,073 [Agency Loan], to be derived from the following funding sources [collectively, Housing Funds]:

(i) \$411,044 from the proceeds of the Public Facilities Financing Authority of the City of San Diego, California Pooled Financing Bonds 2007 Series A (Taxable), to the extent such bond proceeds are allocable to the Central Imperial Redevelopment Project Area; and (ii) \$370,029 from 20 percent set-aside low and moderate-income housing funds, \$324,084 of which is allocable to the Central Imperial Redevelopment Project Area and \$45,945 of which is allocable to the Mount Hope Redevelopment Project Area; and

WHEREAS, repayment of the Agency Loan from residual receipts of the operation of the Project will be secured by a deed of trust and related security instruments to be recorded in the Agency's favor [collectively, Agency Security Instruments] against the leasehold interest held by Wakeland's affiliate; and

WHEREAS, if the Housing Commission exercises its option to acquire the leasehold improvements from Wakeland's affiliate at the end of the tax credit compliance period, then the Housing Commission will elect whether to (i) repay the entire balance owed on the Agency Loan or (ii) assume the entire balance of the Agency Loan and allow the Agency Security Instruments to be recorded against the fee title to the Property; and

WHEREAS, the Agency Security Instruments will be recorded in a position junior to the deed of trust(s) securing repayment of the senior institutional loan for the Project, which is estimated to consist of a construction loan of approximately \$7,939,052 during the construction financing period, followed by a permanent loan of approximately \$2,871,942 during the permanent financing period; and

WHEREAS, to allow some flexibility in coordinating the sources of financing for the Project, the OPA allows the Agency's Executive Director or designee to grant an administrative approval of an increase in the senior institutional loan up to 10 percent of its current estimated amount, which could result in an increase of up to approximately \$793,905 during the

construction financing period and up to approximately \$287,194 during the permanent financing period in the amount by which the Agency Loan is subordinated to the senior institutional loan; and

WHEREAS, the Project will involve the “substantial rehabilitation” of the existing improvements on the Property for purposes of CRL section 33413(b)(2)(A)(iv) in that, based on the budget for the Project, the rehabilitation costs applicable to the Affordable Units will constitute greater than 25 percent of the post-rehabilitation value of the Affordable Units, inclusive of land value; and

WHEREAS, the substantial rehabilitation of the existing improvements, together with the creation of the Affordable Units through imposition of 55-year affordability covenants, will allow the Agency to count one-half of the Affordable Units toward satisfaction of the Agency’s inclusionary affordable housing obligation for the Redevelopment Project Areas, in accordance with CRL section 33413(b)(2)(A)(ii); and

WHEREAS, in particular, the Project will result in the production of an aggregate total of 34 Affordable Units to be occupied by Very Low Income and Extremely Low Income households (as defined and provided for in the OPA), and the Agency will count one-half (i.e., 17) of those Affordable Units toward satisfaction of the Agency’s affordable housing obligation at the Very Low Income level for the Redevelopment Project Areas (including 16 Very Low Income units attributable to the Central Imperial Redevelopment Project Area and 1 Very Low Income unit attributable to the Mount Hope Redevelopment Project Area); and

WHEREAS, each of the two benefited Redevelopment Project Areas will contribute the Housing Funds toward the production of the Very Low Income and Extremely Low Income units in the Project, in an amount proportionate to the number of such units that are attributed to each

such Redevelopment Project Area in satisfaction of the Agency's affordable housing obligation at the Very Low Income level; and

WHEREAS, in accordance with CRL section 33334.2(g)(1), each of the City Council and the Agency have made a finding that the use of the Housing Funds will be of benefit to each of the Redevelopment Project Areas; and

WHEREAS, federal and state relocation laws and regulations generally require that, whenever a project assisted by a public agency will result in the displacement of any residents, a relocation plan (which describes the relocation benefits and payments to be given to displaced residents) must be approved before any actual displacement occurs; and

WHEREAS, the Project is expected to result in the displacement of at least several existing residents from the Property because the imposition of long-term affordability covenants at relatively low income levels will cause some existing residents to be "over-income" and thus no longer eligible to occupy the income-restricted units under the CRL requirements; and

WHEREAS, a qualified relocation consultant will prepare an updated relocation plan to determine how many "over-income" residents can be reasonably expected to be displaced by the Project based on the exact income restrictions being imposed as part of the Project; and

WHEREAS, assuming the updated relocation plan concludes that one or more existing households will be displaced by the Project, the City Council and the Agency will be asked to consider the approval of such relocation plan (including certain relocation determinations by the Agency) at a future date and before any actual displacement occurs; and

WHEREAS, in accordance with the OPA, Wakeland has submitted to the Agency, and the Agency has reviewed, the Basic Concept Drawings pertaining to the Project, which plans are included as Attachment No. 2 to Report No. 10-001 dated February 17, 2010, from SEDC staff to the City Council and the Agency; and

WHEREAS, the Agency believes that the OPA is in the best interests of 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; NOW, THEREFORE,

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

1. That the Agency approves the OPA, including all attachments and exhibits thereto.
2. That the Agency authorizes the Chief Financial Officer, as delegated, to appropriate and expend an amount not to exceed \$781,073 of the Agency's funds to provide the Agency Loan for the Project, which amount is itemized as follows: (a) \$411,044 from the proceeds of the Public Facilities Financing Authority of the City of San Diego, California Pooled Financing Bonds 2007 Series A (Taxable), to the extent such bond proceeds are allocable to the Central Imperial Redevelopment Project Area; and (ii) \$370,029 from 20 percent set-aside low and moderate-income housing funds, \$324,084 of which is allocable to the Central Imperial Redevelopment Project Area and \$45,945 of which is allocable to the Mount Hope Redevelopment Project Area.
3. That the Agency's Executive Director, or designee, is authorized, on behalf of the Agency, to execute the OPA, including all attachments and exhibits thereto requiring the Agency's signature. A copy of the OPA, when fully executed, shall be placed on file with the secretary of the Agency as Document No. D- 04496.
4. That the Agency's Executive Director, or designee, is authorized, on behalf of the Agency, to sign all documents necessary and appropriate to carry out and implement the OPA

and to administer the Agency's obligations, responsibilities and duties to be performed under the OPA, including all attachments and exhibits thereto.

5. That the Agency hereby grants design review approval of the Project and specifically approves the Basic Concept Drawings for the Project.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Kevin Reisch
Kevin Reisch
Deputy General Counsel

KR:cw
02/22/10
Or.Dept:SEDC
RA-2010-63
MMS #11579
Comptroller Cert. #3000003033
Companion to: RA-2010-62
R-2010-586

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at its meeting of MAR 09 2010.

REDEVELOPMENT AGENCY

By Jeannette Santos
Jeannette Santos, Deputy Secretary

Approved: 3.18.10
(date)

JSL
JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director

The City of San Diego
COMPTROLLER'S CERTIFICATE

CERTIFICATE OF UNALLOTTED BALANCE

CC 3000003033

ORIGINATING DEPT. NO.: _____

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
TOTAL AMOUNT									

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: _____ \$781,073.00

Vendor: Wakeland Housing and Development Corporation

Purpose: Authorizing the expenditure of assets for a forgivable loan to the Developer (Wakeland Housing and Development Corporation) of Vista Grande Apartments. This is a shared Central Imperial and Mt. Hope Low Mod project area project that will exist outside of these project areas.

Date: February 12, 2010 By: Francisco J Lopez

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
001	200537	965400701000	965400701101	OTHR-00000012-NS	512059	2265	2265400022		\$45,945.00
002	200530	915400701000	915400701101	OTHR-00000012-NS	512059	2215	2215400022		\$324,084.00
003	200553	915400701000	915400701101	OTHR-00000012-NS	512059	2215	2215400022		\$411,044.00
TOTAL AMOUNT									\$781,073.00

CC-361 (REV 7-09)

FUND OVERRIDE

CC 3000003033

Passed by the Redevelopment Agency of The City of San Diego on MAR 09 2010, 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

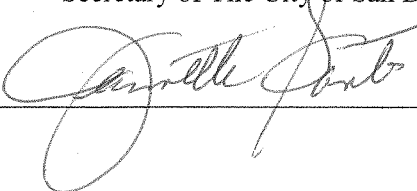
Date of final passage MAR 18 2010

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- 04496