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REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- 04539

DATE OF FINAL PASSAGE JUL 02 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS OF BENEFIT RELATING TO THE USE OF LOW AND MODERATE INCOME HOUSING SET-ASIDE FUNDS OF THE SAN YSIDRO AND NORTH BAY REDEVELOPMENT PROJECT AREAS TOWARD THE ESTRELLA DEL MERCADO AFFORDABLE HOUSING PROJECT LOCATED OUTSIDE OF SUCH REDEVELOPMENT PROJECT AREAS WITHIN THE BARRIO LOGAN 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 Plans for the San Ysidro Redevelopment Project Area and the North Bay Redevelopment Project Area [collectively, Contributing Project Areas] in accordance with the California Community Redevelopment Law [CRL], California Health and Safety Code sections 33000-34160; and

WHEREAS, in accordance with CRL section 33334.2, the Agency has set aside 20 percent of all tax increment funds generated by the Contributing Project Areas for the purpose of increasing, improving and preserving the City of San Diego's supply of low and moderate-income housing available at affordable housing cost; and

WHEREAS, the Agency owns an approximately 6.55-acre site [Site] consisting of two vacant City blocks bounded by Cesar E. Chavez Parkway to the north, the Coronado Bridge overpass and Chicano Park to the south, National Avenue to the east, and Main Street to the west, within the Barrio Logan Redevelopment Project Area [Barrio Logan Project Area]; and

WHEREAS, Agency staff has negotiated an Affordable Housing Agreement [Housing Agreement] with Mercado CIC, L.P., a California limited partnership [Housing Developer],

wherein the Housing Developer has agreed to construct and operate the residential component of a mixed-use project [Residential Project] on a portion of the Site [Housing Parcel], comprised of 91 apartment units affordable to extremely low-income, very low-income and low-income households and one unrestricted manager's unit, a community room and leasing office, common areas, 119 restricted residential parking spaces and 72 open/shared parking spaces in an above-grade parking garage, as more specifically defined and provided for in the Housing Agreement; and

WHEREAS, the Housing Agreement contemplates that the Agency will issue to the Residential Developer a residual receipts loan in an amount not to exceed \$9,104,000 [Agency Loan], to be derived from the following funding sources [collectively, Housing Funds]: (i) \$6,804,000 from 20 percent set-aside low and moderate-income housing funds, of which \$1,700,000 is allocated from the San Ysidro Redevelopment Project Area and \$5,104,000 is allocated from the North Bay Redevelopment Project Area; and (ii) \$2,300,000 from the Line of Credit Pooled (Low and Moderate Income) Funds for the North Bay Redevelopment Project Area; and

WHEREAS, the expenditure of the Line of Credit Pooled (Low and Moderate Income) Funds for the North Bay Redevelopment Project Area toward the Residential Project is a permissible use of said funds; and

WHEREAS, given that the Agency will use the Housing Funds for an affordable housing project located outside of the Contributing Project Areas, CRL section 33334.2(g)(1) requires each of the City Council and the Agency to make a finding that the use of the Housing Funds will be of benefit to each of the Contributing Project Areas; and

WHEREAS, the Agency also has adopted Redevelopment Agency Policy 100-1, which allows for the use of the Housing Funds outside of a redevelopment project area provided the findings of benefit are made as required by the CRL; NOW, THEREFORE,

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

1. That the Agency hereby finds that the proposed use of the Housing Funds from the San Ysidro Redevelopment Project Area toward the Residential Project, located within the Barrio Logan Project Area and outside of the San Ysidro Redevelopment Project Area, will benefit the San Ysidro Redevelopment Project Area, as follows:

(a) The provision and preservation of affordable housing is a fundamental purpose of redevelopment. The use of the Housing Funds for the Residential Project will enable the Agency to increase and improve the supply of extremely low, very low, and low- income housing that will be a benefit to a diverse workforce at various income levels throughout the City of San Diego, including the San Ysidro Redevelopment Project Area.

(b) The use of the Housing Funds for the Residential Project will enable the Agency to increase and improve the supply of extremely low, very low and low- income housing within the City of San Diego, particularly in a geographic area with a demonstrated need for a greater supply of affordable housing to serve the local population.

(c) The use of the Housing Funds for the Residential Project will enable the Agency to provide long-term affordability by restricting the rental of the units to persons of extremely low, very low and low- income housing for a period of not less than 55 years.

(d) The use of the Housing Funds for the Residential Project will assist in the development of 91 affordable housing units, including the following: 10 units for households earning no more than 30% Area Median Income [AMI], 10 units for households earning no more than

40% AMI, 10 units for households earning no more than 45% AMI, 38 units for households earning no more than 50% AMI, and 23 units for households earning no more than 60% AMI.

(e) The Residential Project is located within commuting distance to the San Ysidro Redevelopment Project Area, which is approximately 15 miles. Additionally, the Barrio Logan Trolley Station, which provides transportation connections from the U.S./Mexico Border to downtown and other connections, is located approximately one block west of the Residential Project.

(f) Credit for the production of affordable units is given annually to redevelopment agencies by the California Housing and Community Development Department, in accordance with the CRL. If tax increment funds are used for the development of affordable units outside of the source redevelopment project area, a maximum of one-half credit for every unit produced may be awarded to the source redevelopment project area. In this instance, the San Ysidro Redevelopment Project Area will benefit by having a credit of certain units allocated toward the Agency's fulfillment of its affordable housing production requirement for the San Ysidro Redevelopment Project Area based upon the use of the Housing Funds for affordable housing outside of such redevelopment project area.

2. That the Agency hereby finds that the proposed use of the Housing Funds from the North Bay Redevelopment Project Area toward the Residential Project, located within the Barrio Logan Project Area and outside of the North Bay Redevelopment Project Area, will benefit the North Bay Redevelopment Project Area, as follows:

(a) The provision and preservation of affordable housing is a fundamental purpose of redevelopment. The use of the Housing Funds for the Residential Project will enable the Agency to increase and improve the supply of extremely low, very low, and low- income

housing that will be a benefit to a diverse workforce at various income levels throughout the City of San Diego, including the North Bay Redevelopment Project Area.

(b) The use of the Housing Funds for the Residential Project will enable the Agency to increase and improve the supply of extremely low, very low and low- income housing within the City of San Diego, particularly in a geographic area with a demonstrated need for a greater supply of affordable housing to serve the local population.

(c) The use of the Housing Funds for the Residential Project will enable the Agency to provide long-term affordability by restricting the rental of the units to persons of extremely low, very low and low- income housing for a period of not less than 55 years.

(d) The use of the Housing Funds for the Residential Project will assist in the development of 91 affordable housing units, including the following: 10 units for households earning no more than 30% Area Median Income [AMI], 10 units for households earning no more than 40% AMI, 10 units for households earning no more than 45% AMI, 38 units for households earning no more than 50% AMI, and 23 units for households earning no more than 60% AMI.

(e) The Residential Project is located within commuting distance to the North Bay Redevelopment Project Area, which is approximately 5 miles. Additionally, the Barrio Logan Trolley Station, which provides transportation connections from the U.S./Mexico Border to downtown and other connections, is located approximately one block west of the Residential Project.

(f) Credit for the production of affordable units is given annually to redevelopment agencies by the California Housing and Community Development Department, in accordance with the CRL. If tax increment funds are used for the development of affordable units outside of the source redevelopment project area, a maximum of one-half credit for every unit produced may be awarded to the source redevelopment project area. In this instance, the

North Bay Redevelopment Project Area will benefit by having a credit of certain units allocated toward the Agency's fulfillment of its affordable housing production requirement for the North Bay Redevelopment Project Area based upon the use of the Housing Funds for affordable housing outside of such redevelopment project area.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Kendall D. Berkey  
Kendall D. Berkey  
Deputy General Counsel

KDB:nda  
06/07/10  
Or.Dept:Redev.Agency  
RA-2010-105  
MMS #8908  
Comp.: RA-2010-104  
RA-2010-106  
RA-2010-107  
RA-2010-108  
R-2010-887  
R-2010-888

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of JUN 29 2010.

REDEVELOPMENT AGENCY

By Jeannette Santos  
Jeannette Santos, Deputy Secretary

Approved: 7-2-10  
(date)

Jerry Sanders  
JERRY SANDERS, Executive Director

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

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

Passed by the Redevelopment Agency of The City of San Diego on JUN 29 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 02 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- 04539