

(RA-91-99)  
REDEVELOPMENT AGENCY OF  
THE CITY OF SAN DIEGO  
RESOLUTION NO. 1982  
ADOPTED ON JUNE 11, 1991

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE ACQUISITION LOAN AGREEMENT BETWEEN THE AGENCY AND OCCUPATIONAL TRAINING SERVICES, INC.; AUTHORIZING THE USE OF FUNDS FROM THE HORTON PLAZA AND COLUMBIA LOW AND MODERATE INCOME HOUSING FUNDS TO PAY PART OF THE COST OF ACQUIRING THE HOUSING OUTSIDE THE PROJECT AREAS; DETERMINING THAT SUCH USE WILL BE OF BENEFIT TO THE HORTON PLAZA AND COLUMBIA REDEVELOPMENT PROJECTS; AND APPROVING THE SUBORDINATION OF AGENCY USE RESTRICTIONS TO CERTAIN ACQUISITION FINANCING AND MAKING CERTAIN FINDINGS THEREWITH.

WHEREAS, the Redevelopment Agency of The City of San Diego (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Horton Plaza and Columbia Redevelopment Projects (the "Projects"); and

WHEREAS, the Agency proposes to provide financial assistance for the acquisition of certain real property and existing residential units and related facilities for the purpose of causing housing for low and moderate income persons to be produced which is of benefit to the Projects pursuant to the terms and provisions of a proposed Acquisition Loan Agreement to be entered into with Occupational Training Services, Inc., a California nonprofit corporation ("OTS"); and

WHEREAS, the Centre City Development Corporation, Inc. ("CCDC"), has reviewed and discussed said proposed Acquisition Loan Agreement and has recommended that the Agency enter into the Agreement; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Acquisition Loan Agreement and believes the proposed agreement is in the best interest 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 laws and

requirements; and

WHEREAS, as part of carrying out the Projects, the Agency has established the Horton Plaza and Columbia Low and Moderate Income Housing Funds into which funds may be deposited and expended by the Agency to produce residential units as provided by the California Community Redevelopment Law (Health & Safety Code section 33000 et seq.); and

WHEREAS, the Agency desires to use funds from the Horton Plaza and Columbia Low and Moderate Income Housing Funds to pay part of the cost of acquiring the residential units and related facilities under the Acquisition Loan Agreement for low and moderate income persons; and

WHEREAS, the Acquisition Loan Agreement requires that certain covenants and use restrictions be recorded against the Projects which limit the amount of maximum rents to be charged for the residential units ("Covenant Restrictions"); and

WHEREAS, OTS has obtained from Savings Association Mortgage Company, Inc. ("SAMCO"), a loan commitment to pay part of the cost of acquiring the residential units and related facilities conditioned upon the subordination of the Covenant Restrictions to the deed of trust securing the proposed SAMCO financing; and

WHEREAS, the efforts of OTS, San Diego Housing Commission, CCDC and the Agency, pursuant to Section 33334.4, have not resulted in the procurement of alternative financing for the acquisition of the real property on economically feasible terms and conditions substantially comparable as those offered by SAMCO, without subordination of the Covenant Restrictions; NOW, THEREFORE,

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

1. The Acquisition Loan Agreement which provides for the acquisition of property for low and moderate income persons is hereby approved.

2. The Executive Director of the Agency, or his designee, is hereby authorized to execute the Acquisition Loan Agreement on behalf of the Agency. A copy of the Acquisition Loan Agreement when executed by the Agency shall be placed on file in the office of the Secretary to the Agency as Document No. 1834.

3. The Agency hereby authorizes the use of funds from the Horton Plaza and Columbia Low and Moderate Income Housing Funds to pay for part of the cost of acquiring the residential units and related facilities as provided for in the Acquisition Loan Agreement.

4. That the Agency finds and determines that, based upon the information set forth in Attachment No. 1 (attached hereto and incorporated herein by this reference), the use of funds from the Horton Plaza and Columbia Low and Moderate Income Housing Funds as authorized by this resolution will be of benefit to the Projects.

5. That the Agency hereby finds that an economically feasible alternative method of assisting the acquisition of the project on terms and conditions substantially comparable to those offered by SAMCO,

without subordination of the Covenant Restrictions, is not reasonably available.

6. The Agency hereby authorizes the Executive Director, or his designee, to take such actions as may be necessary to subordinate the Covenant Restrictions to the SAMCO deed of trust securing loan proceeds provided by SAMCO but only following receipt by the Executive Director, or his designee, or SAMCO's written commitment (in a form satisfactory to the Executive Director) of the following:

- a. Granting the Agency a right to cure any default on the SAMCO loan;
- b. Granting the Agency a right to negotiate with SAMCO after notice from SAMCO that the SAMCO loan is in default;
- c. Agreeing that if prior to foreclosure of the SAMCO loan, the agency takes title to the Projects and cures the default on the loan, SAMCO will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Agency; and
- d. Acknowledging the Agency's right to purchase the project from OTS at any time after a default on the SAMCO loan.

APPROVED: JOHN W. WITT, General Counsel

By

Allisyn L. Thomas  
Deputy Counsel

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