

RESOLUTION NUMBER R- 303969

DATE OF FINAL PASSAGE JUL 29 2008

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS RELATING TO THE USE OF LOW AND MODERATE INCOME HOUSING SET-ASIDE FUNDS OUTSIDE OF THE CITY HEIGHTS AND NORTH BAY REDEVELOPMENT PROJECT AREAS FOR THE DEVELOPMENT OF THE VERBENA AFFORDABLE APARTMENTS PROJECT LOCATED WITHIN THE SAN YSIDRO REDEVELOPMENT PROJECT AREA.

WHEREAS, in accordance with California Community Redevelopment Law, codified as California Health and Safety Code section 33000 et seq. [Law], the Redevelopment Agency of the City of San Diego [Agency] has set aside twenty percent (20%) of all tax increment funds [Set-Aside Funds] generated by Redevelopment Project Areas for the purpose of increasing and improving the supply of low- and moderate- income housing available at an affordable housing cost; and

WHEREAS, the Law provides that Set-Aside Funds shall be used to provide housing for specific income groups, and that findings of benefit to the redevelopment project area from which the funds are derived [Findings of Benefit] must be made by the Agency and the City Council prior to the allocation of Set-Aside Funds outside of the redevelopment project area; and

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

WHEREAS, in order to carry out and implement the objectives of the Redevelopment Plan for the San Ysidro Redevelopment Project Area, the Agency entered into, and the City Council approved, an Owner Participation Agreement [OPA] with Verbena San Ysidro, L.P.

[Developer] on or about July 11, 2007, a copy of the OPA is on file in the office of the secretary to the Agency as Document No. D-04167 / R-04167; and

WHEREAS, the OPA governs the development of low income residential rental apartments known as the Verbena Affordable Apartments Project that incorporates eighty (80) rental dwelling units, of which 79 units will be designated by Developer for not less than fifty-five (55) years as affordable to very low income and low income persons earning 30% to 60% of the Area Median Income, with attached one or two car garages providing a total of approximately one hundred seventy seven (177) parking spaces, and recreational amenities [Project]; and

WHEREAS, due to the changing conditions of the economy and the competitive projects applying for 9% tax credits, Developer requests the Agency's consideration, among other items, to increase the Agency's loan by an additional amount not to exceed \$1,215,000 (for a total Agency Loan amount not to exceed \$6,801,000), to be funded from the San Ysidro Redevelopment Project Area's 20% Low and Moderate Income Housing Set-Aside Funds and the City Heights and North Bay Redevelopment Project Areas 20% Low and Moderate Income Housing Set Aside Funds Lines of Credit; and

WHEREAS, in light of the above, the Agency and Developer desire to implement the OPA, through a First Implementation Agreement, for the Verbena Affordable Apartments Project in the San Ysidro Redevelopment Project Area, and in connection therewith will allocate an additional amount not to exceed \$1,215,000 of housing Set-Aside Funds toward the Project from the following funds: \$515,000 from the San Ysidro Redevelopment Project Area's 20% Low and Moderate Income Housing Set-Aside Funds and \$350,000 from the City Heights and


\$350,000 from the North Bay Redevelopment Project Areas 20% Low and Moderate Income Housing Set Aside Funds Lines of Credit; and

WHEREAS, the City Council finds that the expenditure of City Heights and North Bay Redevelopment Project Area Low and Moderate Income Housing Set-Aside Funds in the amount of \$700,000 (the remaining \$515,000 is allocated from San Ysidro Project Area set-aside funds) outside of the City Heights and North Bay Redevelopment Project Areas will be of benefit to the City Heights and North Bay Redevelopment Project Areas: NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego makes the Findings of Benefit to the City Heights and North Bay Redevelopment Project Areas, as more fully set forth in Attachment "A", attached hereto and incorporated herein by this reference.

BE IT FURTHER RESOLVED, that the 20% Set Aside Funds identified above shall be utilized for the proposed development of the Verbena Affordable Apartments Project in the San Ysidro Redevelopment Project Area.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By   
Kendall D. Berkey  
Deputy City Attorney

KDB:nda  
07/02/08  
Or.Dept:Redev.Agency  
R-2009-26  
MMS#5029  
Comp. R-2009-25  
RA-2009-2  
RA-2009-3  
RA-2009-4  
RA-2009-5

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 22 2008.

ELIZABETH S. MALAND  
City Clerk

By *Mary Zumaya*  
Deputy City Clerk

Approved: 7-24-08  
(date)

*JSL*  
JERRY SANDERS, Mayor

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

\_\_\_\_\_  
JERRY SANDERS, Mayor

**ATTACHMENT A**

**FINDINGS OF BENEFIT**

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## Findings of Benefit Summary – City Heights Redevelopment Project Area

### Verbena Project

It is proposed that funds from the City Heights Low and Moderate Income Housing Funds (Housing Funds) be used outside of the City Heights Redevelopment Project Area (Project Area) to assist in the development of an 80 unit affordable housing project called the Verbena Project (the Project). The Verbena Project site is located at 3774 Beyer Boulevard, within the San Ysidro Redevelopment Project Area. The Verbena Project would provide two- and three-bedroom units at rents affordable to families earning between 30% and 60% of the Area Median Income. The use of Housing Funds for the Project will be of benefit to the Project Area, in that:

- The provision and preservation of affordable housing is, in itself, a fundamental purpose of redevelopment. Any preservation of the stock of available housing for low- and moderate- income persons benefits the surrounding areas, including the project area providing the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City.
- The use of the Housing Funds for the Project will assist in the development of a total of 79 affordable units, with 28 of the units to be made affordable for tenants earning no more than 30% of the Area Median Income, 10 of the units to be made affordable for tenants earning no more than 40% of the Area Median Income, 11 of the units to be made affordable for tenants earning no more than 50% of Area Median Income and 30 of the units to be made affordable for tenants earning no more than 60% of the Area Median Income.
- Credit for the production of affordable units is given annually to agencies by the California Housing and Community Development Department, in accordance with State Law. If tax increment funds are used for the development of affordable units outside of the source project area, a maximum of one-half credit for every unit produced may be awarded to the source project area. The benefit to the Project Area is the potential to have a maximum credit of 40 units for funding affordable housing outside of the Project Area.
- The Project is located within two blocks of public transit, both bus and trolley, which will provide means for residents of the Project to commute to jobs in the Project Area.

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## Findings of Benefit Summary – North Bay Redevelopment Project Area

### Verbena Project

It is proposed that funds from the North Bay Low and Moderate Income Housing Funds (Housing Funds) be used outside of the North Bay Redevelopment Project Area (Project Area) to assist in the development of an 80 unit affordable housing project called the Verbena Project (the Project). The Verbena Project site is located at 3774 Beyer Boulevard, within the San Ysidro Redevelopment Project Area. The Verbena Project would provide two- and three-bedroom units at rents affordable to families earning between 30% and 60% of the Area Median Income. The use of Housing Funds for the Project will be of benefit to the Project Area, in that:

- The provision and preservation of affordable housing is, in itself, a fundamental purpose of redevelopment. Any preservation of the stock of available housing for low- and moderate- income persons benefits the surrounding areas, including the project area providing the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City.
- The use of the Housing Funds for the Project will assist in the development of a total of 79 affordable units, with 28 of the units to be made affordable for tenants earning no more than 30% of the Area Median Income, 10 of the units to be made affordable for tenants earning no more than 40% of the Area Median Income, 11 of the units to be made affordable for tenants earning no more than 50% of Area Median Income and 30 of the units to be made affordable for tenants earning no more than 60% of the Area Median Income.
- Credit for the production of affordable units is given annually to agencies by the California Housing and Community Development Department, in accordance with State Law. If tax increment funds are used for the development of affordable units outside of the source project area, a maximum of one-half credit for every unit produced may be awarded to the source project area. The benefit to the Project Area is the potential to have a maximum credit of 40 units for funding affordable housing outside of the Project Area.
- The Project is located within two blocks of public transit, both bus and trolley, which will provide means for residents of the Project to commute to jobs in the Project Area.