

RESOLUTION NUMBER R- 305669

DATE OF FINAL PASSAGE MAR 18 2010

A RESOLUTION OF THE CITY COUNCIL 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 CENTRAL IMPERIAL AND MOUNT HOPE REDEVELOPMENT PROJECT AREAS AND RELATED TAXABLE BOND PROCEEDS TOWARD THE ACQUISITION AND REHABILITATION OF THE VISTA GRANDE AFFORDABLE HOUSING PROJECT, LOCATED OUTSIDE OF SUCH REDEVELOPMENT PROJECT AREAS.

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, in accordance with CRL section 33334.2, the Agency has set aside 20 percent of all tax increment funds generated by the Redevelopment 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, 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, 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, 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, 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, the Agency's outside legal counsel for bond financing has confirmed that the use of the taxable bond proceeds for the Project is permitted under the applicable bond documents; and

WHEREAS, given that the Agency will use the Housing Funds for an affordable housing project located outside of the Redevelopment 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 Redevelopment 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 City Council of the City of San Diego, as follows:

1. That the Council hereby finds that the proposed use of the Housing Funds from the Central Imperial Redevelopment Project Area toward the Project, located outside of the Central Imperial Redevelopment Project Area within SEDC's area of influence, will benefit the Central Imperial Redevelopment Project Area, as follows:

(a) 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 families will benefit the surrounding areas, including the redevelopment project area that provides the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City of San Diego.

(b) The Project will assist the Agency in fulfilling the goals of the redevelopment plan and the most recent five-year (Fiscal Years 2010-2014) implementation plan for the Central Imperial Redevelopment Project Area, including the preservation and rehabilitation of existing residential properties and the provision of affordable housing.

(c) The use of the Housing Funds for the 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.

(d) The use of the Housing Funds for the 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 55 years.

(e) The use of the Housing Funds for the Project will assist in the improvement and enhancement of 48 affordable units, with 5 units to be made affordable for tenants earning no more than 30 percent of the Area Median Income (i.e., Extremely Low Income units), 29 units to be made affordable for tenants earning no more than 50 percent of Area Median Income (i.e., Very Low Income units), and 14 units to be made affordable for tenants earning no more than 60 percent of Area Median Income (i.e., Low Income units).

(f) The use of the Housing Funds will preserve existing multiple-family housing stock and provide choices for existing and potential renters of rehabilitated housing opportunities.

(g) The Project is located in close proximity (within approximately one-tenth mile) of the redevelopment project area from which the Housing Funds have been derived. The Project is located within 1.5 blocks of public transit, and within one-quarter mile of a transit/trolley station, which will provide means for residents of the Project to commute to jobs in the Central Imperial Redevelopment Project Area.

(h) 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 Central Imperial Redevelopment Project Area will benefit by having a maximum credit of

22 units allocated toward the Agency's fulfillment of its affordable housing production requirement for the Central Imperial Redevelopment Project Area based upon the use of the Housing Funds for affordable housing outside of such redevelopment project area. This maximum credit of 22 units includes at least 16 Very Low Income units, such that the Agency will effectively satisfy its remaining affordable housing production requirement for the Central Imperial Redevelopment Project Area at the Very Low Income level.

(i) The use of the Housing Funds toward the Project will allow the Agency to leverage several outside financing sources (such as funds from institutional lenders, tax credit financing and a relatively large loan from the San Diego Housing Commission) with the Agency's funds for a very favorable financing ratio of approximately 17 to 1. The Agency's use of the Housing Funds, together with taxable bond proceeds, will represent a subsidy of \$16,272 per affordable unit assisted and an effective subsidy of \$32,545 per affordable unit counted toward the Agency's affordable housing production requirements. As a result, the Agency will be able to maximize the value of the Housing Funds for the benefit of the local community.

2. That the Council hereby finds that the proposed use of Housing Funds from the Mount Hope Redevelopment Project Area toward the Project, located outside of the Mount Hope Redevelopment Project Area within SEDC's area of influence, will benefit the Mount Hope Redevelopment Project Area, as follows:

(a) 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 families will benefit the surrounding areas, including the redevelopment project area that provides the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City of San Diego.

(b) The Project will assist the Agency in fulfilling the goals of the redevelopment plan and the most recent five-year (Fiscal Years 2010-2014) implementation plan for the Mount Hope Redevelopment Project Area, including the preservation and rehabilitation of existing residential properties and the provision of affordable housing.

(c) The use of the Housing Funds for the 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.

(d) The use of the Housing Funds for the 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 55 years.

(e) The use of the Housing Funds for the Project will assist in the improvement and enhancement of 48 affordable units, with 5 units to be made affordable for tenants earning no more than 30 percent of the Area Median Income (i.e., Extremely Low Income units), 29 units to be made affordable for tenants earning no more than 50 percent of Area Median Income (i.e., Very Low Income units), and 14 units to be made affordable for tenants earning no more than 60 percent of Area Median Income (i.e., Low Income units).

(f) The use of the Housing Funds will preserve existing multiple-family housing stock and provide choices for existing and potential renters of rehabilitated housing opportunities.

(g) The Project is located in close proximity (within approximately 1.25 miles) of the redevelopment project area from which the Housing Funds have been derived.

The Project is located within 1.5 blocks of public transit, and within one-quarter mile of a transit/trolley station, which will provide means for residents of the Project to commute to jobs in the Mount Hope Redevelopment Project Area.

(h) 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 Mount Hope Redevelopment Project Area will benefit by having a maximum credit of two units allocated toward the Agency's fulfillment of its affordable housing production requirement for the Mount Hope Redevelopment Project Area based upon the use of the Housing Funds for affordable housing outside of such redevelopment project area. This maximum credit of two units includes at least 1 Very Low Income unit, such that the Agency will effectively satisfy its remaining affordable housing production requirement for the Mount Hope Redevelopment Project Area at the Very Low Income Level.

(i) The use of the Housing Funds toward the Project will allow the Agency to leverage several outside financing sources (such as funds from institutional lenders, tax credit financing and a relatively large loan from the San Diego Housing Commission) with the Agency's funds for a very favorable financing ratio of approximately 17 to 1. The Agency's use of the Housing Funds, together with taxable bond proceeds, will represent a subsidy of \$16,272 per affordable unit assisted and an effective subsidy of \$32,545 per affordable unit counted

toward the Agency's affordable housing production requirements. As a result, the Agency will be able to maximize the value of the Housing Funds for the benefit of the local community.

APPROVED: JAN I. GOLDSMITH, City Attorney

By Elisa A. Cusato
Elisa A. Cusato
Deputy City Attorney

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

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 09 2010

ELIZABETH S. MALAND
City Clerk

By Janet Richards
Deputy City Clerk

Approved: 3.18.10
(date)

Jerry Sanders
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor