

RESOLUTION NUMBER R- **305964**

DATE OF FINAL PASSAGE **JUL 02 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 SAN YSIDRO AND NORTH BAY REDEVELOPMENT PROJECT AREAS TOWARD THE CONSTRUCTION OF 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 City Council of the City of San Diego [Council], as follows:

1. That the Council 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 Council 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, City Attorney

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

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

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

ELIZABETH S. MALAND
City Clerk

By Jenak Richards
Deputy City Clerk

Approved: 7-2-10
(date)

Jerry Sanders
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor