

307650

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE AUG 15 2012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO, ACTING IN ITS CAPACITY AS THE BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, APPROVING AND AUTHORIZING THE EXECUTION OF THE PROPOSED FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH CONNECTIONS HOUSING, L.P. RELATED TO THE REHABILITATION OF THE BUILDING LOCATED AT 1250 SIXTH AVENUE IN DOWNTOWN SAN DIEGO.

WHEREAS, the Redevelopment Agency of the City of San Diego (Former RDA) dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in a final opinion issued on December 29, 2011, in litigation designated as Case No. S194861; and

WHEREAS, upon the Former RDA's dissolution, the City of San Diego, solely in its capacity as the successor agency to the Former RDA (Successor Agency), became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law and, by operation of law, received all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA; and

WHEREAS, the Successor Agency is required to administer the winding down of the Former RDA's operations and to ensure compliance with the Former RDA's obligations in accordance with AB 26, as amended by Assembly Bill 1484 (AB 1484); and

WHEREAS, before the enactment of AB 26 in June 2011, the Former RDA and Connections Housing Downtown, L.P., a California limited partnership (Developer), executed a

Disposition and Development Agreement (DDA), a copy of which is on file with the City Clerk as Document No. D-04642b, for the rehabilitation of the building commonly known as the former World Trade Center located at 1250 Sixth Avenue in downtown San Diego (Building) pursuant to Resolution No. R-04642 adopted effective March 1, 2011; and

WHEREAS, under the DDA, the Developer agreed to purchase the Building from the Former RDA for \$4,300,000 and to rehabilitate the Building into a one-stop service center and housing for the homeless, which includes a multi-service homeless center, a medical clinic, administrative offices, 150 transitional housing beds, 73 permanent supportive housing units, and two manager's units (Project); and

WHEREAS, the DDA requires the Developer to operate the Project, upon completion of rehabilitation, for the benefit of very low and extremely low income households for a period of fifty-five (55) years; and

WHEREAS, to assist in financing the Developer's completion of the Project, the DDA contemplates the Former RDA's issuance of two loans, including (1) a loan in an amount up to \$13,000,000 from 20% set-aside low and moderate income housing funds (Agency 20% Loan), subject to a reduction of up to \$3,000,000 if the Developer is successful in securing alternative funding sources for the Project, and (2) a loan in an amount up to \$3,000,000 from 80% tax increment funds (Agency 80% Loan); and

WHEREAS, in December 2011, the Developer purchased the Building from the Former RDA and commenced the rehabilitation work, and the Developer presently anticipates completing the Project in December 2012; and

WHEREAS, the Developer initially estimated that the total cost of the Project would be \$32,339,000, but has recently revised the cost estimate to be \$36,638,000, which represents an

increase of \$4,299,000 primarily associated with the removal of asbestos and several major structural issues in the Building; and

WHEREAS, before the Developer's acquisition of the Building, the Developer secured Community Development Block Grant funds of \$950,000 for the Project, causing the Agency 20% Loan to be reduced to \$12,050,000; and

WHEREAS, since the Developer's acquisition of the Building, the Developer has secured Mental Health Services Act (MHSA) loan funds of \$787,000, which will cause the Agency 20% Loan to be reduced to \$11,263,000; and

WHEREAS, if the Developer is successful in a pending application for \$4,000,000 in Historic Tax Credit (HTC) funds, then the Agency 20% Loan will be further reduced to \$10,000,000, and the Developer proposes that any remaining HTC funds will be applied toward the increased costs of the Project; and

WHEREAS, the Developer and the Successor Agency now desire to enter into the First Amendment to the DDA (First Amendment) to revise the budget and the sources of financing for the Project, to reduce the Agency 20% Loan to reflect the availability of MHSA loan funds and the potential availability of HTC funds, and to revise the method of distribution of additional funding sources to allow the Developer to cover the increased costs of the Project; and

WHEREAS, the First Amendment will not modify the Agency 80% Loan and will not increase the Developer's fee for the Project; and

WHEREAS, the Successor Agency's approval of the First Amendment will not be deemed effective until the First Amendment has been approved by the Oversight Board for the Successor Agency and approved or deemed approved by the State Department of Finance in accordance with AB 26 and AB 1484; and

WHEREAS, the First Amendment will become binding on the City and will benefit the City at such time that the Former RDA's rights and obligations under the DDA, as amended, and the encumbered funds for the Project have been effectively assigned to the City, in its capacity as the successor housing entity under AB 26 and AB 1484; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, acting in its capacity as the board of the Successor Agency, as follows:

1. The First Amendment to the DDA and all attachments thereto are approved.
2. The Mayor or designee is authorized, on behalf of the Successor Agency, to execute the First Amendment. A copy of the First Amendment, when fully executed, shall be placed on file in the office of the City Clerk as Document No. RR- 307650.
3. The Mayor or designee is authorized, on behalf of the Successor Agency, to implement, administer, and execute all documents that are necessary and appropriate to effectuate the purposes of this Resolution and the DDA, as amended by the First Amendment.

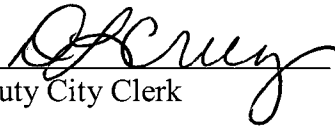
APPROVED: JAN I. GOLDSMITH, City Attorney

By Kevin Reisch
Kevin Reisch
Deputy City Attorney

KR:nja
07/18/12
Or.Dept: Civic San Diego
Doc. No. 404183

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 31 2012

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8.15.12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor