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item 336
(R-2013-709)

RESOLUTION NUMBER R- 308243

DATE OF FINAL PASSAGE JUN 18 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS OF BENEFIT RELATING TO THE USE OF BOND PROCEEDS OF THE CROSSROADS, NAVAL TRAINING CENTER, AND HORTON PLAZA REDEVELOPMENT PROJECT AREAS TOWARD THE ACQUISITION AND DEVELOPMENT OF THE ATMOSPHERE AFFORDABLE HOUSING PROJECT, LOCATED OUTSIDE OF SUCH REDEVELOPMENT PROJECT AREAS

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City), and there are presently fourteen such project areas; and

WHEREAS, the 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, before the Former RDA's dissolution, the City Council adopted Resolution No. R-307238 effective January 12, 2012, designating the City to serve as the successor agency to the Former RDA (Successor Agency) pursuant to California Health and Safety Code (Code) section 34173(d)(1), and further designating the City to serve as the Successor Housing Entity to the Former RDA (Successor Housing Entity) for purposes of performing the Former RDA's housing functions pursuant to Code section 34176(a)(1); and

WHEREAS, upon the Former RDA's dissolution on February 1, 2012, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law (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 winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, and Assembly Bill 1484 (AB 1484), enacted on June 27, 2012; and

WHEREAS, pursuant to Code section 34181(c), the seven-member Oversight Board directed the Successor Agency to transfer the Former RDA's affordable housing assets (Housing Assets) to the City as Successor Housing Entity, and the California Department of Finance (DOF) approved the Oversight Board's decision; and

WHEREAS, the Successor Agency transferred the Housing Assets to the Successor Housing Entity on or about January 28, 2013; and

WHEREAS, pursuant to Code section 34176(d), the Successor Housing Entity has created a new, separate fund, known as the Low and Moderate Income Housing Asset Fund (Housing Asset Fund), for purposes of depositing any encumbered funds related to the Housing Assets and retaining any revenues generated from the Housing Assets in the future; and

WHEREAS, Code section 34176(d) requires all monies in the Housing Asset Fund to be used in accordance with applicable housing-related provisions of the Redevelopment Law; and

WHEREAS, Civic San Diego (Civic SD) administers affordable housing projects and implements housing functions on behalf of the Successor Housing Entity pursuant to a written consultant agreement, as amended; and

WHEREAS, Civic SD, acting on behalf of the City, has negotiated a Disposition and Development Agreement included as Attachment E to Staff Report No. CSD-13-08 (Agreement) with Wakeland Atmosphere, L.P., a California limited partnership, and Wakeland Atmosphere II, L.P., a California limited partnership (collectively, Developer), wherein Developer has agreed

to construct a 205-unit multi-family housing project (Project) on an approximately 32,000 square-foot site owned by the City as Successor Housing Entity and generally located on the partial block bounded by Ash and Beech streets and Fourth and Fifth avenues in the Cortez neighborhood of the Centre City Redevelopment Project Area (Property); and

WHEREAS, the Agreement requires the Developer to operate the Project, upon completion of construction, as rental housing that is affordable to very low-income households, low-income households, and moderate-income households, as more specifically defined and provided for in the Agreement; and

WHEREAS, the Agreement contemplates that the City will issue to Developer (or its affiliate) a forgivable, residual receipts loan in an amount not to exceed \$11,600,000 (City Loan) to be derived from the following pre-2011 housing bond proceeds (collectively, Bond Proceeds):

(i) \$5,623,183 from Centre City Redevelopment Project Area Tax Allocation Bonds, Series 2008A; (ii) \$276,817 from Horton Plaza Redevelopment Project Area Subordinated Tax Allocation Bonds, Series 2003C; (iii) \$3,700,000 from Housing Set Aside Tax Allocation Bonds, Series 2010A, affiliated with the Crossroads Redevelopment Project Area; and (iv) \$2,000,000 from Housing Set Aside Tax Allocation Bonds, Series 2010A, affiliated with the Naval Training Center Redevelopment Project Area; and

WHEREAS, the Project will involve the production of 202 affordable housing units (Affordable Units), which shall be subject to 55-year affordability covenants; and

WHEREAS, the creation of the Affordable Units through imposition of 55-year affordability covenants will allow the City to count one-half of the number of Affordable Units toward satisfaction of the Former RDA's inclusionary affordable housing obligation for the Naval Training Center (NTC) Redevelopment Project Area, Crossroads Redevelopment Project Area, Grantville Redevelopment Project Area, and College Community Redevelopment Project

Area (collectively, Project Areas) in accordance with Code section 33413(b)(2)(A)(ii), to the extent such obligation is deemed to apply notwithstanding the effect of AB 26 and AB 1484; and

WHEREAS, in particular, of the 202 Affordable Units to be produced as part of the Project, eight Affordable Units will be credited to the Centre City Redevelopment Project Area, and half credits for the 194 remaining Affordable Housing units in the Project will be applied as follows: (i) 12 Affordable Units to be occupied by Very Low Income Households will be credited to the Crossroads Project Area, (ii) six Affordable Units to be occupied by Very Low Income Households, and 51 Affordable Units to be occupied by Low Income Households and Moderate Income Households, will be credited to the NTC Project Area, (iii) seven Affordable Units to be occupied by Low Income Households and Moderate Income Households will be credited to the Grantville Project Area, and (iv) 21 Affordable Units to be occupied by Low Income Households and Moderate Income Households will be credited to the College Community Project Area; and

WHEREAS, the City will cause to be recorded, in favor of the all of the redevelopment project areas receiving affordable housing production credits for the Project, an Agreement Affecting Real Property (Attachment No. 6 to the Agreement) which imposes the 55-year affordability covenants on the Affordable Units; and

WHEREAS, given that the City will use the Bond Proceeds for an affordable housing project located outside of the redevelopment project areas with which certain of the Bond Proceeds are affiliated, Code section 33334.2(g)(1) requires the City Council to make a finding that the use of the Bond Proceeds will be of benefit to such project areas; and

WHEREAS, through recordation of the Agreement Affecting Real Property, the Grantville Project Area and the College Community Project Area will receive affordable housing production credits in accordance with Code section 33413(b)(2)(A)(ii), but none of the Bond

Proceeds to be used to finance the Project are affiliated with these two project areas, and therefore no findings of benefit are required under Code section 33334.2(g)(1) for these two project areas; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego (Council), as follows:

1. The Council finds that the proposed use of the Bond Proceeds from the NTC Project Area toward the Project, located outside of the NTC Project Area, will benefit the NTC Project Area, as follows:

a) The provision of affordable housing is, in itself, a fundamental purpose of redevelopment. Any production of 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.

b) The use of the Bond Proceeds for the Project will enable the City to increase and improve the supply of very-low, low- and moderate-income housing within the City, 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 Bond Proceeds for the Project will enable the City to increase the number of supportive housing units targeted for the formerly homeless and those at risk of homelessness, helping to reduce homelessness in the City.

d) The use of the Bond Proceeds for the Project will enable the City to provide long-term affordability by restricting the rental of the units to persons of very-low, low- and moderate-income housing for a period of 55 years.

e) The use of the Bond Proceeds for the Project will assist in the development of 202 affordable units, with 10 units to be made affordable for tenants earning no

more than 30 percent of the Area Median Income per Tax Credit Allocation Committee (TCAC) (i.e., very-low-income units), 26 units to be made affordable for tenants earning no more than 45 percent of the Area Median Income per TCAC (i.e., very-low-income units), 50 units to be made affordable for tenants earning no more than 50 percent of the Area Median Income per TCAC (i.e., low-income units) and 116 units to be made affordable for tenants earning no more than 60 percent of the Area Median Income per TCAC (i.e., moderate-income units).

f) The Project is located in close proximity (within approximately five miles) to the NTC Project Area, enabling residents of the Project to commute to jobs and schools in the NTC Project Area.

g) If the Bond Proceeds 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 NTC Project Area will benefit by having a credit of 57 units, including six very-low-income units, allocated toward the fulfillment of affordable housing production requirements for the NTC Project Area based upon the use of the Bond Proceeds for affordable housing outside of such redevelopment project area.

h) The use of the Bond Proceeds toward the Project will allow the City to leverage several outside financing sources (such as funds from institutional lenders, tax credit financing, Mental Health Services Act Program funding and Infill Infrastructure Program funding) with the City's funds. The City's use of the Bond Proceeds will represent a subsidy of \$56,585 per unit assisted and an effective subsidy of \$113,170 per unit counted toward the City's affordable housing production requirements. As a result, the City will be able to maximize the value of the Bond Proceeds for the benefit of the local community.

2. The Council finds that the proposed use of Bond Proceeds from the Crossroads Project Area toward the Project, located outside of the Crossroads Project Area, will benefit the Crossroads Project Area, as follows:

a) The provision of affordable housing is, in itself, a fundamental purpose of redevelopment. Any production of 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.

b) The use of the Bond Proceeds for the Project will enable the City to increase and improve the supply of very-low, low- and moderate-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 Bond Proceeds for the Project will enable the City to increase the number of supportive housing units targeted for the formerly homeless and those at risk of homelessness, helping to reduce homelessness in the City.

d) The use of the Bond Proceeds for the Project will enable the City to provide long-term affordability by restricting the rental of the units to persons of very-low, low- and moderate-income housing for a period of 55 years.

e) The use of the Bond Proceeds for the Project will assist in the development of 202 affordable units, with 10 units to be made affordable for tenants earning no more than 30 percent of the Area Median Income per TCAC (i.e., very-low-income units), 26 units to be made affordable for tenants earning no more than 45 percent of the Area Median Income per TCAC (i.e., very-low-income units), 50 units to be made affordable for tenants earning no more than 50 percent of the Area Median Income per TCAC (i.e., low-income units)

and 116 units to be made affordable for tenants earning no more than 60 percent of the Area Median Income per TCAC (i.e., moderate-income units).

f) The Project is located within 0.5 mile of a public transit stop that provides direct routes to and from the Crossroads Project Area, which will provide means for residents of the Project to commute to jobs and schools in the Crossroads Project Area.

g) If the Bond Proceeds 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 Crossroads Project Area will benefit by having a credit of 12 very-low-income units allocated toward the fulfillment of affordable housing production requirements for the Crossroads Project Area based upon the use of the Bond Proceeds for affordable housing outside of such redevelopment project area. With the credit of 12 very-low-income units, the City will effectively satisfy its remaining affordable housing production requirement for the Crossroads Project Area at the very-low-income level.

h) The use of the Bond Proceeds toward the Project will allow the City to leverage several outside financing sources (such as funds from institutional lenders, tax credit financing, Mental Health Services Act Program funding and Infill Infrastructure Program funding) with the City's funds. The City's use of the Bond Proceeds will represent a subsidy of \$56,585 per unit assisted and an effective subsidy of \$113,170 per unit counted toward the City's affordable housing production requirements. As a result, the City will be able to maximize the value of the Bond Proceeds for the benefit of the local community.

3. The City finds that the proposed use of Bond Proceeds from the Horton Plaza Project Area toward the Project, located outside of the Horton Plaza Project Area, will benefit the Horton Plaza Project Area, as follows:

a) The provision of affordable housing is, in itself, a fundamental purpose of redevelopment. Any production of 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.

b) The use of the Bond Proceeds for the Project will enable the City to increase and improve the supply of very-low, low- and moderate-income housing within the City, 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 Bond Proceeds for the Project will enable the City to increase the number of supportive housing units targeted for the formerly homeless and those at risk of homelessness, helping to reduce homelessness in the City.

d) The use of the Bond Proceeds for the Project will enable the City to provide long-term affordability by restricting the rental of the units to persons of very-low, low- and moderate-income housing for a period of 55 years.

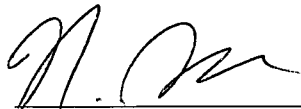
e) The use of the Bond Proceeds for the Project will assist in the development of 202 affordable units, with 10 units to be made affordable for tenants earning no more than 30 percent of the Area Median Income per TCAC (i.e., very-low-income units), 26 units to be made affordable for tenants earning no more than 45 percent of the Area Median Income per TCAC (i.e., very-low-income units), 50 units to be made affordable for tenants earning no more than 50 percent of the Area Median Income per TCAC (i.e., low-income units) and 116 units to be made affordable for tenants earning no more than 60 percent of the Area Median Income per TCAC (i.e., moderate-income units).

f) The Project is located in close proximity (within approximately one mile) of the Horton Plaza Project Area, enabling residents of the Project to commute to jobs and schools in the Horton Plaza Project Area.

g) The use of the Bond Proceeds toward the Project will allow the City to leverage several outside financing sources (such as funds from institutional lenders, tax credit financing, Mental Health Services Act Program funding and Infill Infrastructure Program funding) with the City's funds. The City's use of the Bond Proceeds will represent a subsidy of \$56,585 per unit assisted and an effective subsidy of \$113,170 per unit counted toward the City's affordable housing production requirements. As a result, the City will be able to maximize the value of the Housing Bond Proceeds for the benefit of the local community.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Nathan Slegers
Deputy City Attorney

NS:nja
05/21/13
Or.Dept: Civic San Diego
Doc. No. 566915

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 04 2013.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6/18/13
(date)


BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

Passed by the Council of The City of San Diego on JUN 04 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 18 2013

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 308243