

RESOLUTION NUMBER R- 309521

DATE OF FINAL PASSAGE FEB 25 2015

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO MAKING CERTAIN FINDINGS AND
DETERMINATIONS, AND APPROVING VARIOUS
ACTIONS, RELATED TO THE PROPOSED OUCHI
COURTYARDS AFFORDABLE HOUSING PROJECT.

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

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 *California
Redevelopment Assn v. Matosantos*, 53 Cal. 4th 231 (2011); 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 housing successor to the
Former RDA (Housing Successor) 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, Assembly Bill 1484 (AB 1484), enacted on June 27, 2012, and subsequent legislation; 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 Housing Successor, and the California Department of Finance (DOF) approved the Oversight Board's decision on January 4, 2013; and

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

WHEREAS, pursuant to Code section 34176(d), the Housing Successor 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 Housing Successor 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 F to Staff Report No. CSD-15-02 (Agreement) with Chelsea Investment Corporation, a California corporation, and Ito-Girard & Associates, a

California corporation (collectively, Developer), wherein Developer has agreed to construct a 45-unit housing project, which includes 44 affordable housing units and one manager unit (Project), on an approximately 50,530 square-foot site owned by the City as Housing Successor and generally located mid-block on the south side of Imperial Avenue in the Lincoln Park neighborhood within the Encanto Neighborhood of the Southeastern San Diego Community Planning Area (Property); and

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

WHEREAS, pursuant to Resolution No. R-304857 adopted effective April 28, 2009, the Former RDA, acting as the designated "lead agency" for purposes of the California Environmental Quality Act (CEQA), has previously certified the Final Environmental Impact Report for the Fifth Amendment to the Central Imperial Redevelopment Plan (2009 Final EIR), on file with the City Clerk as Document No. D-304857; and

WHEREAS, Civic SD, on behalf of the City, has administered the preparation of the Final Environmental Impact Report (FEIR) Consistency Evaluation for the Ouchi Courtyards Affordable Housing Project dated February 11, 2015 (Consistency Evaluation), which is included as Attachment D to Staff Report No. CSD-15-02, in accordance with CEQA and state and local guidelines adopted pursuant thereto; and

WHEREAS, the Consistency Evaluation sets forth findings that the Project is within the scope of the development program analyzed in the 2009 Final EIR, and will not result in new or

increased environmental effects compared to what already has been evaluated under such CEQA documents; and

WHEREAS, the Agreement contemplates that the City will issue to the Developer a loan in the amount not to exceed \$5,000,000 (City Loan) from the Housing Asset Fund; and

WHEREAS, the Project will involve the production of 44 affordable housing units (Affordable Units), which shall be subject to 55-year affordability covenants; and

WHEREAS, the Affordable Units will be restricted as follows: 11 units restricted to persons earning 60% of Area Median Income (AMI); 14 units restricted to persons earning 50% of AMI; 9 units restricted to persons earning 40% of AMI; and 10 units restricted to persons earning 30% of AMI; and

WHEREAS, seven of the affordable units will be designated as supportive housing units for the homeless, those at risk of homelessness, and other special needs populations; and

WHEREAS, the City will cause to be recorded an Agreement Affecting Real Property (Attachment No. 6 to the Agreement) which imposes the 55-year affordability covenants on the Affordable Units; and

WHEREAS, the Agreement provides for the City's ground leasing of the Property to the Developer for sixty-five years (Lease Term), subject to the terms of the Agreement and the proposed Ground Lease between the City and the Developer (Ground Lease), which is Attachment No. 18 to the Agreement; and

WHEREAS, in accordance with Code section 33433, the City Council held a public hearing to consider the approval of the Agreement and the Ground Lease on February 24, 2015, after publishing notice of the public hearing in accordance with Code section 33433; and

WHEREAS, pursuant to Code section 33433, Civic SD administered the preparation of the "Summary Report Pertaining to the Proposed Conveyance of Certain Real Property Interest within the Redevelopment Project Area" dated January 2015 (Summary Report), which is included as Attachment C to Staff Report No. CSD-15-02, and is incorporated fully into this Resolution by this reference; and

WHEREAS, the City has made copies of the Agreement, the Ground Lease, and the Summary Report available for public inspection and copying no later than the time of the first publication of the notice of the public hearing; and

WHEREAS, the Summary Report contains a summary which describes and specifies all of the following:

- (i) The cost of the Agreement and the Ground Lease to the City; including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the City, plus the expected interest on any loans or bonds to finance the Agreement and the Ground Lease; and
- (ii) The estimated value of the interest to be leased, determined at the highest and best uses permitted under the Redevelopment Plan for the Southeastern San Diego Merged Project Area, as amended (Redevelopment Plan); and
- (iii) The estimated value of the interest to be leased, determined at the use and with the conditions, covenants, and development costs required by the Agreement and the Ground Lease; and
- (iv) The present value of the lease payments which the Developer will be required to make during the Lease Term along with an explanation as to why the rental amount is less than

the fair market value of the interest to be leased, determined at the highest and best use consistent with the Redevelopment Plan; and

(v) An explanation of why leasing of the Property in accordance with the Agreement and the Ground Lease will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation; and

WHEREAS, pursuant to Code section 33433, the City Council considered the information in the Summary Report; and

WHEREAS, the City Council believes that the Agreement and the Ground Lease are in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements; and

WHEREAS, the City Council has considered any written evidence and/or testimony received in support of or in opposition to the Agreement and the Ground Lease, as well as the entire record prepared by City and Civic SD staff; and

WHEREAS, in accordance with the Agreement, the Developer has submitted to the City, and the City has reviewed, the Basic Concept Drawings pertaining to the Project, which plans are included as Attachment E to the Staff Report; NOW, THEREFORE,

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

1. The Council has received and heard any and all oral and written objections relating to the proposed Agreement and the proposed Ground Lease, and all such oral and written objections are overruled.

2. Consistent with the analysis contained in the Consistency Evaluation, the environmental effects of the Project were adequately addressed in the 2009 Final EIR and the Project is within the scope of the development program described therein.

3. The Council adopts the following findings and determinations, as set forth in the Consistency Evaluation, with respect to the environmental effects of the Project;

(a) No substantial changes are proposed in the Southeastern San Diego Merged Redevelopment Project, or with respect to the circumstances under which the Southeastern San Diego Merged Redevelopment Project is to be undertaken as a result of the Project, which will require important or major revisions in the 2009 Final EIR; and

(b) No new information or substantial importance to the Southeastern San Diego Merged Redevelopment Project has become available, which was not known or could not have been known at the time the 2009 Final EIR was certified as complete, and which shows that the Project will have any significant effects not discussed previously in the 2009 Final EIR, or that any significant effects previously examined will be substantially more severe than shown in the 2009 Final EIR, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered would substantially reduce or lessen any significant effects on the environment; and

(c) No negative declaration, subsequent environmental impact report, or supplement or addendum to the 2009 Final EIR is necessary or required; and

(d) The development of the Project will have no significant effect on the environment, except as identified and considered in the 2009 Final EIR, and no new or additional project-specific mitigation measures are required in connection with development of the Project; and

(e) The Project would not have any new effects that were not adequately covered in the 2009 Final EIR, and therefore, the Project is within the scope of the development program approved under the 2009 Final EIR.

4. Pursuant to CEQA Guidelines section 15162, the Council determines that no further environmental documentation is required to address the potential environmental effects of the Project.

5. The Council finds and determines that the consideration to be received by the City for the ground leasing of the Property for the Lease Term is not less than fair reuse value at the use and with covenants and conditions and development costs authorized by the Agreement and the Ground Lease for, among other reasons, the reasons set forth in the Summary Report.

6. The Council finds and determines that the ground leasing of the Property for the Lease Term and the development of the Property in accordance with the Agreement and the Ground Lease will assist in providing housing for extremely-low income, very-low income and low income persons, for, among other reasons, the reasons set forth in the Summary Report.

7. The Council approves the ground leasing of the Property to the Developer for the Lease Term and the development of the Property, in accordance with the Agreement and the Ground Lease.

8. The Council approves the Agreement, including all attachments and exhibits thereto.

9. The Mayor, or his designee, is authorized to execute the Agreement, including all attachments and exhibits thereto requiring the City's signature; a copy of the fully-executed Agreement shall be placed on file in the Office of the City Clerk as Document No.

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10. The Mayor, or designee, is authorized to sign all documents necessary and appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities, and duties to be performed under the Agreement, including all attachments and exhibits thereto.

11. The Basic Concept Drawings for the Ouchi Courtyards Affordable Housing Project are approved; a copy of the Basic Concept Drawing shall be placed on file in the Office of the City Clerk as Document No. RR- 309521-2

12. The Chief Financial Officer, as delegated, is authorized to appropriate, encumber, and expend an amount not to exceed \$5,000,000 from the Low and Moderate Income Housing Asset Fund in accordance with the Agreement, contingent on certification by the City Comptroller that funds are available.

APPROVED: JAN I. GOLDSMITH, City Attorney

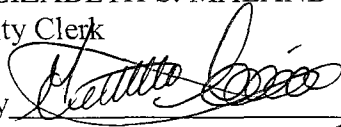
By


Katherine Anne Malcolm
Deputy City Attorney

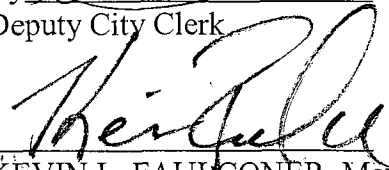
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2/12/2015
2/23/2015 Cor.Copy
Or.Dept: Civic San Diego
Doc. No.: 948146_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 2/24/2015.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 2/25/2015
(date)


1928 KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on FEB 24 2015, 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"/>
Lorie Zapf	<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"/>
Chris Cate	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage FEB 25 2015

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

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

(Seal)

By , Deputy

Office of the City Clerk, San Diego, California

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