

RESOLUTION NUMBER R- 310070

DATE OF FINAL PASSAGE NOV 13 2015

ITEM # S500
11/10/15

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS AND DETERMINATIONS, AND APPROVING THE FIRST AMENDMENT TO THE DEVELOPMENT AND DISPOSITION AGREEMENT BY AND BETWEEN THE CITY OF SAN DIEGO AND OUCHI CIC, LP. RELATED TO THE 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 City on or about January 28, 2013; and

WHEREAS, pursuant to Code section 34176(d), the City 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 City as Housing Successor pursuant to a written consultant agreement, as amended; and

WHEREAS, the City, on one hand, and Chelsea Investment Corporation, a California corporation (Chelsea), and Ito-Girard & Associates, a California corporation (Ito-Girard), on the other hand, entered into a Disposition and Development Agreement (DDA) dated as of February

25, 2015 regarding the redevelopment of a 45-unit housing project, which includes 44 affordable housing units and one manager unit (Project), and a loan from the City in the amount not to exceed \$5,000,000 from the Housing Asset Fund; and

WHEREAS, Chelsea and Ito-Girard assigned all rights, title and interest in the DDA to Ouchi CIC, LP., a California limited partnership (Developer), pursuant to an Assignment and Assumption Agreement dated as of August 26, 2015; and

WHEREAS, the Developer desires and requests an increased amount not to exceed \$440,000 from the City for a total loan in the amount of \$5,440,000; and

WHEREAS, the City desires to amend the DDA to reflect this change in financing pursuant to the First Amendment included as Attachment E to Staff Report No. CSD-15-25 (First Amendment Agreement); and

WHEREAS, in accordance with Code section 33433, the City Council held a public hearing to consider the approval of the First Amendment Agreement on November 10, 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 October 2015 (Summary Report), which is included as Attachment C to Staff Report No. CSD-15-25, and is incorporated fully into this Resolution by this reference; and

WHEREAS, the City has made copies of the First Amendment Agreement 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 to be incurred by the City under the First Amendment Agreement, the DDA and the Ground Lease; and

(ii) The estimated value of the interest to be conveyed by the City to Developer pursuant to the proposed First Amendment Agreement, DDA and Ground Lease determined at the highest and best use 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 conveyed for the proposed use and conditions, covenants and development costs pursuant to the proposed First Amendment Agreement, DDA and Ground Lease; and

(iv) The compensation to be paid to the City pursuant to the proposed transaction; and

(v) An explanation of the difference, if any, between the compensation to be paid to the City under the proposed transaction, and the fair market value at the highest and best use consistent with the Redevelopment Plan; and

(vi) An explanation of why the ground lease and development of the Project will assist with the elimination of blight; 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 First Amendment Agreement is 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 First Amendment Agreement, as well as the entire record prepared by City and Civic SD staff; NOW, THEREFORE,

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

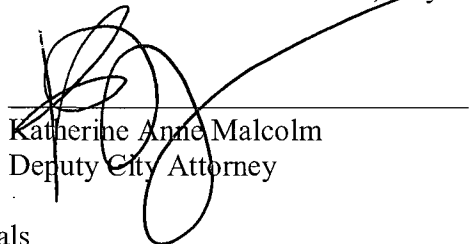
1. The Council has received and heard any and all oral and written objections relating to the proposed First Amendment Agreement, and all such oral and written objections are overruled.
2. The Council finds and determines that the consideration to be received by the City for the ground leasing of the Property for the Lease Term is not less than fair reuse value at the use and with the covenants and conditions and development costs authorized by the First Amendment Agreement, DDA and the Ground Lease for, among other reasons, the reasons set forth in the Summary Report.
3. 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 First Amendment Agreement, DDA 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.
4. The Council approves the First Amendment Agreement, including all attachments and exhibits thereto.
5. The Mayor, or his designee, is authorized to execute the First Amendment Agreement, including all attachments and exhibits thereto requiring the City's signature; a copy of the fully-executed First Amendment Agreement shall be placed on file in the Office of the City Clerk as Document No. RR- 310070

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

7. The Chief Financial Officer, as delegated, is authorized to appropriate, encumber, and expend an amount not to exceed \$440,000 from the Housing Asset Fund in accordance with the First Amendment Agreement, contingent on certification by the City Comptroller that funds are available. This encumbrance of \$440,000 is in addition to the encumbrance of \$5,000,000 already approved by the City Council in connection with the DDA.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

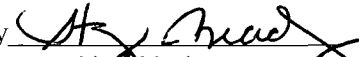


Katherine Anne Malcolm
Deputy City Attorney

KAM:als
10/28/2015
Or.Dept: Civic San Diego
Doc. No.: 1158691

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 10 2015

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: _____
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on NOV 10 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherr 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 NOV 13 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 *City Clerk*, Deputy

Office of the City Clerk, San Diego, California
Resolution Number R- 310070