

RESOLUTION NUMBER R- 310920

DATE OF FINAL PASSAGE JAN 18 2017

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE OWNER PARTICIPATION AGREEMENT AND THE CITY'S REHABILITATION LOAN FOR THE NEW PALACE HOTEL AFFORDABLE SENIOR CITIZEN RENTAL HOUSING PROJECT WITHIN THE UPTOWN COMMUNITY PLAN AREA.

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, pursuant to Assembly Bill x1 26 enacted June 28, 2011, the California Supreme Court opinion in *California Redevelopment Assn v. Matosantos*, 53 Cal. 4th 231 (2011), and subsequent related legislation (collectively, Dissolution Laws), the Former RDA dissolved as of February 1, 2012; and

WHEREAS, pursuant to Resolution R-307238 adopted by the City Council effective January 12, 2012, the City elected 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 as the housing successor to the Former RDA 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 the Dissolution Laws, 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 the Dissolution Laws; and

WHEREAS, pursuant to Code section 34181(c), the Oversight Board directed the Successor Agency to transfer the Former RDA's affordable housing assets (Housing Assets) to the City, 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 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 34176.1 provides that all monies in the Housing Asset Fund are subject to the low- and moderate-income housing provisions of the Redevelopment Law, except as otherwise provided in Code section 34176.1; and

WHEREAS, Civic San Diego (Civic SD) administers affordable housing projects and implements housing functions financed from the Housing Asset Fund on behalf of the City pursuant to a written operating agreement; and

WHEREAS, Civic SD, on behalf of the City, has negotiated the terms of an Owner Participation Agreement (Agreement) with HDP New Palace, LP (Developer), for the

rehabilitation of 80 existing multi-family, single-room occupancy, residential units in the New Palace Hotel building located at 1814 Fifth Avenue in San Diego (Property) and use of 79 residential units as affordable senior citizen rental housing and one residential unit as an unrestricted on-site manager's unit (collectively, Project). A copy of the Agreement is Attachment C to Report to Council No. CSD-16-22, dated December 7, 2016 (Report); and

WHEREAS, the Agreement requires the Developer, for at least 55 years, to restrict 24 residential units to occupancy by persons with incomes equal to or less than 30 percent of the area median income for the County of San Diego (AMI), 23 residential units to occupancy by persons with incomes equal to or less than 50 percent of AMI, and 32 residential units to occupancy by persons with incomes equal to or less than 60 percent of AMI; and

WHEREAS, the Agreement also provides for the City to loan up to \$1,960,000 to the Developer to be used for the Developer's development of the Project; and

WHEREAS, the City's loan to the Developer will be secured by a deed of trust recorded against the Property; and

WHEREAS, the Developer's obligation to develop the Project and rent 79 of the rehabilitated residential units in the Project to low-income senior citizens at affordable rents will all be set forth in a regulatory agreement and declaration of conditions, covenants and restrictions to be recorded against the Property for the benefit of the City; and

WHEREAS, the City Council believes that the 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 law; NOW, THEREFORE,


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

1. The Council approves the Agreement, including all attachments and exhibits to the Agreement.

2. The Mayor or designee is authorized and directed, on behalf of the City, to sign and enter into the Agreement, including all attachments and exhibits to the Agreement requiring the City's signature, and take all other reasonable actions that are necessary or desirable to perform the City's obligations under the Agreement. A copy of the Agreement, when fully executed, shall be placed on file with the City Clerk as Document No. RR- 310920.

3. The Chief Financial Officer, as delegated, is authorized to encumber and expend an amount not to exceed \$1,960,000 from the Housing Asset Fund as proceeds of a loan from the City to the Developer for development of the Project pursuant to the terms and conditions of the Agreement and accept all funds comprising repayment of the loan from the Developer into the Housing Asset Fund.

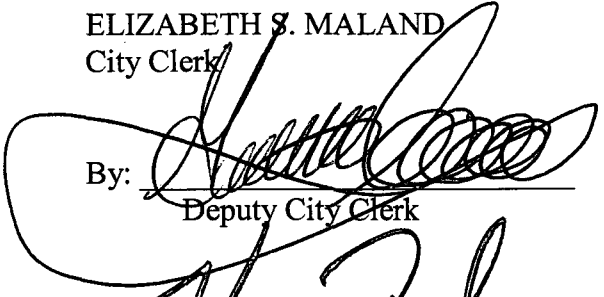
APPROVED: MARA W. ELLIOTT, City Attorney

By: 
Delmar G. Williams
Deputy City Attorney

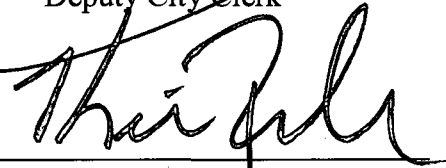
DGW:dkr
12/15/16
Or.Dept: Civic San Diego
Doc. No.: 1399765

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 10 2016.

ELIZABETH S. MALAND
City Clerk

By: 
Deputy City Clerk

Approved: 1/17/17
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JAN 10 2017, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JAN 18 2017.

(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:

(Seal)

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

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

By *Hy Brady*, Deputy

Office of the City Clerk, San Diego, California

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