

S500
01/09/18

(R-2018-269)

RESOLUTION NUMBER R- 311500

DATE OF FINAL PASSAGE JAN 11 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE FIRST AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT AND THE CITY'S LOAN FOR THE KEELER COURT AFFORDABLE RENTAL HOUSING PROJECT WITHIN THE SOUTHEASTERN SAN DIEGO 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, Civic San Diego (Civic SD) administers affordable housing projects and implements housing functions financed from the Low and Moderate Income Housing Asset Fund (LMIHAF) on behalf of the City pursuant to a written operating agreement; and

WHEREAS, on June 21, 2017, pursuant to Resolution No. R-311198, the City Council passed a resolution approving the Owner Participation Agreement (Agreement) with Keeler Court Housing Associates, L.P. (Developer), for the construction of 71 residential units generally located at 1290-1294 Keeler Court in the City of San Diego, California (Property), and use of 70 residential units as affordable rental housing and one residential unit as an unrestricted on-site manager's unit (collectively, Project); and

WHEREAS, the Agreement originally provided for the City to loan up to \$3,000,000 to the Developer to be used for the Developer's development of the Project; and

WHEREAS, the Developer is now requesting an additional \$3,000,000 and other revisions to the OPA (First Amendment) that will better position the Project for competitive

funding opportunities: the California Tax Credit Allocation Committee' (TCAC) 9% tax credits
California Affordable Housing and Sustainable Communities Program (AHSC) 4% tax credits;
and

WHEREAS, the \$6,000,000 City loan to the Developer (City Loan) will be secured by a
deed of trust recorded against the Property; 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 First Amendment, 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 First Amendment, including all attachments and exhibits to the First Amendment requiring the City's signature, and take all other reasonable actions that are necessary or desirable to perform the City's obligations under the First Amendment. A copy of the First Amendment, when fully executed, shall be placed on file with the City Clerk as Document No. RR- 311500.
3. The Chief Financial Officer, as delegated, is authorized to appropriate and expend approximately \$2,668,192 from Fund 400315 SC/Taxable TI Bonds 2007A, \$842,946 from Fund 400309 Southcrest TE TI 2007B, \$154 from Fund 200583 Southcrest LM/T TI 2007A, \$215,339 from Fund 200560 Southcrest LM/TE TI 2007B, \$40,781 from Fund 200584 City Heights LM/TAB 2003A, \$45,899 from Fund 200563 City Heights LM/TAB 2003B and \$2,186,689 from Fund 200708, Low and Moderate Income Housing Asset Fund-Properties (LMIHAF), for

the purpose of a total \$6,000,000 loan to Developer for the Project, contingent upon the Chief Financial Officer furnishing a certificate certifying that funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

4. The Council finds that use of Low- and Moderate-Income Housing Bond proceeds (Low/Mod Bond Proceeds) from the City Heights Redevelopment Project Area to assist development of the Project will benefit the City Heights Redevelopment Project Area in that:

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 Low/Mod Bond Proceeds for the Project will enable the City to increase and improve the supply of extremely-low, very-low, and/or low-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 Low/Mod Bond Proceeds for the Project will enable the City to provide long-term affordability by restricting the rental of the units to persons of extremely-low, very-low, and/or low-income for a period of 55 years.

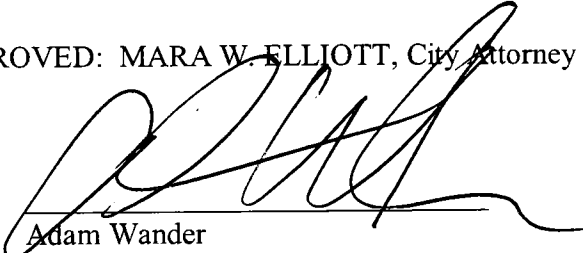
d. The Project is located within 0.25 mile of a public transit stop that provides routes to and from the City Heights Redevelopment Project Area, which will provide means for residents of the Project to commute to jobs and schools in the City Heights Redevelopment Project Area.

5. The Chief Financial Officer, as delegated, is authorized to substitute funds in the Low and Moderate Income Housing Asset Fund (LMIHAF) with Southcrest bonds funds as they become available from project budget savings from the Southcrest Trails project and the Beta Street Alley project and is authorized to adjust the bond fund amounts in order to expend all bond funds plus accrued interest.

6. The Chief Financial Officer, as delegated, is authorized to deposit any Developer repayments of the City Loan into the LMIHAF for future affordable housing expenditures consistent with applicable law, including California Health and Safety Code section 34176.1(a).

APPROVED: MARA W. ELLIOTT, City Attorney

By:


Adam Wander
Deputy City Attorney

ARW:

January 4, 2018

Or.Dept: Civic San Diego

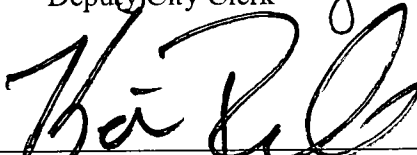
Doc. No.: 1659267

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 09 2018.

ELIZABETH S. MALAND
City Clerk

By: 
Deputy City Clerk

Approved: 1/10/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JAN 09 2018, 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JAN 11 2018

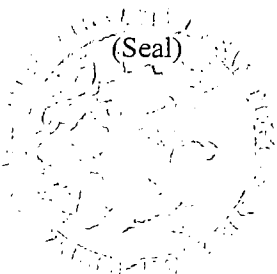
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

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.

By Linda Irwin, Deputy



Office of the City Clerk, San Diego, California
Resolution Number R- **311500**