

#605
07/25/2022

(R-2023-32)

RESOLUTION NUMBER R- 314250

DATE OF FINAL PASSAGE JUL 29 2022

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE SERENADE ON 43RD AFFORDABLE HOUSING PROJECT WITHIN THE MID-CITY CITY HEIGHTS COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$6,500,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO THE PROJECT DEVELOPER, SERENADE 43, L.P.

WHEREAS, on November 17, 2021, the City Council's Economic Development and Intergovernmental Relations Committee (EDIR Committee) received an informational staff presentation regarding the completion of a Request for Qualification and Notice of Funding Availability (NOFA) round one process to increase the new construction, acquisition, or rehabilitation of housing that will provide long-term affordability (55 years or longer) to individuals and families at or below 80 percent of area median income (AMI); and

WHEREAS, the City of San Diego's first round affordable housing NOFA will include \$33,000,000 in total funding from sale proceeds of housing assets formerly owned by the Redevelopment Agency of the City of San Diego, Permanent Local Housing Allocation funds, and U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds; and

WHEREAS, City staff recommended seven projects for NOFA funding for a total of 662 units, and informed the EDIR Committee that next steps include bringing each recommended project forward for the City Council's consideration through the approval of an Owner Participation Agreement or a Loan Agreement; and

WHEREAS, one of the seven recommended projects is the Serenade on 43rd affordable housing project (Project), located at 4030-4034 43rd Street and 4046-4054 43rd Street in the Mid-City City Heights Community Plan Area (Property); and

WHEREAS, the Project will include 65 residential units (including studios and one-, two-, and three-bedroom units), with 64 of those units affordable on a long-term basis to low income households (up to 60 percent AMI), and one on-site manager's unit not subject to affordability restrictions; and

WHEREAS, the Project will also include amenities such as: offices with resident services; a community center; a common kitchen and space for tenant education; amenity decks; a computer center; a landscaped, open space courtyard with a play area; group dinners; exercise programs; life-skills training; social clubs and community events; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, Green Point rated standards, including sustainable features such as water saving measures, energy efficient lighting and appliances, all electric appliances and HVAC systems and rooftop photovoltaic systems; and

WHEREAS, the City negotiated the terms of a proposed Loan Agreement (Agreement) with Serenade 43, L.P., a California limited partnership (Developer), to provide a loan to Developer in an amount not to exceed \$6,500,000 in CDBG funds to be used for the acquisition of the Property, and a copy of the Agreement is included in the docket materials accompanying this Resolution; and

WHEREAS, the Agreement requires Developer, for at least 55 years, to restrict 64 units for occupancy by households at 60 percent AMI or less; and

WHEREAS, the City's loan to Developer for acquisition of the Property is an eligible use of CDBG funds; and

WHEREAS, Developer's repayment of the City's loan from a portion of the Project's residual receipts will be secured by a deed of trust recorded against the Property; and

WHEREAS, Developer's obligation to develop the Project and adhere to the long-term affordability restrictions will be set forth in a regulatory agreement and declaration of covenants, conditions, and restrictions to be recorded against the Property for the benefit of the City; and

WHEREAS, the Project is consistent with, and advances the goals and objectives of, the City's NOFA and the guiding principles in the City's Affordable Housing Master Plan; 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 appropriate 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- **314250**.
3. The Chief Financial Officer, or designee, is authorized to transfer an amount not to exceed \$2,234,266 from Unobligated CDBG Program, CDBG Grant 1000003-2021 and an amount not to exceed \$4,265,734 from CDBG Grant 1000003-2022, to Serenade on 43rd

Program in Fund 600000, CDBG Grant 100000-2023, contingent on 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 Chief Financial Officer, or designee, is authorized to appropriate and expend an amount not to exceed \$6,500,000 from Fund 600000, CDBG Grant 1000003-2023 Serenade on 43rd Program to Developer for the Property acquisition costs.

5. The Chief Financial Officer, or designee, is authorized to accept and transfer Developer's non-refundable deposit of \$25,000 to CDBG Grant 1000003-2023 for HUD administrative costs, and any Developer repayments of the City's CDBG loan, into the Federal Grant CDBG Program Income Fund 600100 to be reprogrammed for eligible CDBG uses, consistent with applicable law.

APPROVED: MARA W. ELLIOTT, City Attorney

By: /s/ Marguerite E. Middaugh
Marguerite E. Middaugh
Deputy City Attorney

MEM:jdf
07/12/2022
Or.Dept: Econ.Dev.
Doc. No.: 3027497

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 25 2022.

ELIZABETH S. MALAND
City Clerk

By: Connie Patterson
Deputy City Clerk

Approved: 7/25/22
(date)

Todd Gloria
TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on JUL 25 2022, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<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"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 29 2022.

(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:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

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

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

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