

RESOLUTION NUMBER R- 314671

DATE OF FINAL PASSAGE MAR 28 2023

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE CUATRO AT CITY HEIGHTS AFFORDABLE HOUSING PROJECT WITHIN THE MID-CITY COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$4 MILLION TO THE PROJECT DEVELOPER, CUATRO AT CITY HEIGHTS, L.P.

WHEREAS, on September 7, 2022, 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 two 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 second round affordable housing NOFA will include \$20,000,000 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 (PLHA) funds, and Community Development Block Grant funds; and

WHEREAS, City staff recommended three projects for NOFA funding, 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 three recommended projects is the Cuatro at City Heights affordable housing project (Project), located at 4050 El Cajon Boulevard and 3951, 4050, and 4102-4122 University Avenue in the Mid-City Community Plan Area (Property); and

WHEREAS, the Project will include 117 residential units (including studios, one, two, and three-bedroom units), with 115 of those units affordable on a long-term basis to either extremely low income households (30 percent AMI) or low income households (up to 60 percent AMI), including 30 permanent supportive housing (PSH) units for households experiencing homelessness, and two on-site manager's units not subject to affordability restrictions; and

WHEREAS, the Project will also include amenities such as: offices with on-site management, leasing, and resident services; a community room; outdoor gathering spaces with garden, BBQ, and dining areas; tot lot; bicycle storage area; and parking; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, LEED Silver certification, including sustainable features such as water saving measures, energy efficient lighting and appliances, and rooftop photovoltaic solar panels that will help offset the utility bills of residents; and

WHEREAS, the City has negotiated the terms of a proposed Loan Agreement (Agreement) with Cuatro at City Heights, L.P., a California limited partnership (Developer), to provide a loan to Developer in an amount not to exceed \$4,000,000 to be used for construction of the Project, 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 40 units for occupancy by households earning 30 percent AMI or less and to further restrict 75 units for occupancy by households earning 60 percent AMI or less; and

WHEREAS, the source of the City's loan to Developer includes \$1,000,000 from the Low and Moderate Income Housing Asset Fund administered by the City as housing successor to the former Redevelopment Agency of the City of San Diego, and \$3,000,000 from the City's PLHA fund; and

WHEREAS, the City's loan to Developer for construction of the Project is an eligible use of monies from both funding sources; 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, the City's loan proceeds will be disbursed to Developer in proportion to senior lenders' loan proceeds during construction of the Project, with a five percent retention amount released upon completion of construction and a final five percent retention amount disbursed upon conversion of Developer's construction financing to permanent financing; 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; and

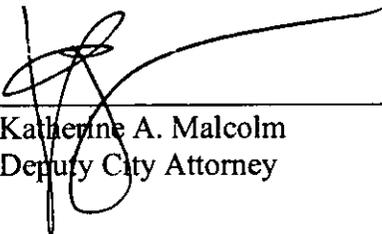
WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

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- 314671 .
3. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$1,000,000 from the City's Low and Moderate Income Housing Asset Fund, designated as Fund Number 200708, and \$3,000,000 from the City's PLHA fund, designated as Fund Number 600001, Grant 1000627-2021, in the form of a 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 Chief Financial Officer, as delegated, is authorized to transfer Developer's non-refundable deposit of \$25,000 intended to defray City costs associated with negotiation of the Agreement, and to transfer any Developer repayments of the City's loan, into the Low and Moderate Income Housing Asset Fund for future affordable housing expenditures consistent with applicable law.

APPROVED: MARA W. ELLIOTT, City Attorney

By: 
Katherine A. Malcolm
Deputy City Attorney

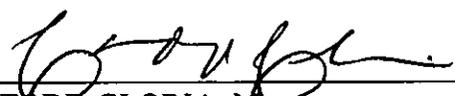
KAM:
03/14/2023
Or.Dept: Econ.Dev.Dept.
Doc. No.: 3248534

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 20 2023.

DIANA J.S. FUENTES
City Clerk

By: 
Deputy City Clerk

Approved: 3/27/23
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on MAR 20 2023, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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"/>
Kent Lee	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 MAR 28 2023.

(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)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By *Cennie Patterson*, Deputy

Office of the City Clerk, San Diego, California

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