

RESOLUTION NUMBER R- 314758

DATE OF FINAL PASSAGE APR 14 2023

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE ENCANTO GATEWAY AFFORDABLE HOUSING PROJECT WITHIN THE ENCANTO COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN CONSISTING OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS AND PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS, IN AN AMOUNT NOT TO EXCEED \$5,500,000 TO THE PROJECT DEVELOPER, ENCANTO GATEWAY, L.P.

WHEREAS, on September 7, 2022, the City Council's Economic Development and Intergovernmental Relations Committee (EDIR Committee) of the Council of the City of San Diego (Council) 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 U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds; and

WHEREAS, City staff recommended three projects for NOFA funding in round two, and informed the EDIR Committee that next steps include bringing each recommended project forward for the 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 Encanto Gateway affordable housing project (Project), located at 6601 Imperial Avenue in the Encanto Community Plan Area (Property); and

WHEREAS, the Project will include 65 residential units (including one-, two-, and three-bedroom units), with 29 of those units affordable on a long-term basis to extremely low income (up to 30 percent AMI) households, 35 of those units affordable on a long-term basis to low income (up to 60 percent AMI) households, and one on-site manager's unit not subject to affordability restriction; and

WHEREAS, the Project is within a Transit Priority Area, adjacent to the San Diego Promise Zone, and will also include the following amenities: ground floor lobby and offices; on-site resident services; laundry facility; indoor communal spaces designed for events and activities; a community room for training programs and community events including a kitchen, dining area, lounge and computers; outdoor courtyard with a children's play area; and barbeque and seating area; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, a LEED Silver Rating or substantial equivalent, including sustainable features such as rooftop photovoltaic array, energy efficient appliances, high efficiency LED lighting with daylight sensors, low flow fixtures, and low impact landscaping with drip irrigation; and

WHEREAS, the City negotiated the terms of a proposed Loan Agreement (Agreement) with Encanto Gateway, L.P., a California limited partnership and affiliate of National Community Renaissance of California, a California nonprofit public benefit corporation (Developer), to provide a loan to Developer in an amount not to exceed \$5,500,000 to be used

for Property acquisition and Project development, 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 29 units for occupancy by households earning 30 percent AMI or less and 35 units for occupancy by households earning 60 percent AMI or less; and

WHEREAS, the sources of the City's loan to Developer consist of up to \$3,600,000 in CDBG funds to be used for Property acquisition and up to \$1,900,000 in PLHA Program funds to be used for Property acquisition and Project development; and

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

WHEREAS the City's loan to Developer for acquisition of the Property and Project construction are eligible uses of PLHA Program 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 as well as the PLHA Program; 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

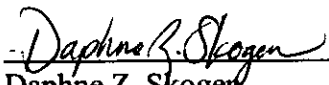
WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff, with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

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- 314758.
3. The Chief Financial Officer, or designee, is authorized to transfer an amount not to exceed \$3,600,000 from Affordable Housing NOFA CDBG Grant 1000003-2022 to Encanto Gateway Program Fund 600000, CDBG Grant 1000003-2023, 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 \$5,500,000 total, which includes an amount not to exceed \$3,600,000 from Fund 600000, CDBG Grant 1000003-2023 Encanto Gateway Program to Developer for the Property acquisition costs, and an amount not to exceed \$1,900,000 from the City's PLHA Fund 600001, Grant 1000627-2021, to Developer for Property acquisition and Project costs, 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.

5. The Chief Financial Officer, or designee, is authorized to accept, appropriate and expend the \$25,000 non-refundable Developer deposit into the Low and Moderate Income Housing Asset Fund (LMIHAF) 200708 for administrative costs, and into Program Income PLHA fund 600102 via Grant 1000627-2021 fund 600001 for PLHA administrative costs, and any Developer repayments of the City's loan into the Federal Grant CDBG Program Income Fund 600100 to be reprogrammed for eligible CDBG fund uses, and into the PLHA Program Income fund 600102 for creation of future affordable housing to assist those experiencing or at risk of homelessness, consistent with applicable law.

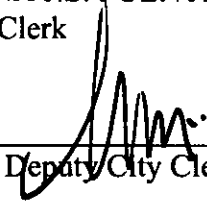
APPROVED: MARA W. ELLIOTT, City Attorney

By   
Daphne Z. Skogen  
Deputy City Attorney

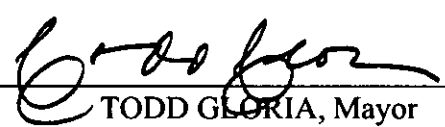
DZS:hm  
03/09/2023  
03/07/2023 COR.COPY  
Or.Dept: Econ Dev.  
Doc. No. 3245462\_2

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 11 2023.

DIANA J.S. FUENTES  
City Clerk

By   
Deputy City Clerk

Approved: 4/14/23  
(date)

  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on APR 11 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 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 APR 14 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.

DIANA J.S. FUENTES

Interim City Clerk of The City of San Diego, California.

By [Signature], Deputy

Office of the City Clerk, San Diego, California

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