

RESOLUTION NUMBER R- **315507**DATE OF FINAL PASSAGE **MAY 03 2024**

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE HUMBLE HEART AFFORDABLE HOUSING PROJECT WITHIN THE CITY HEIGHTS MID-CITY COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$1,229,266 TO THE PROJECT DEVELOPER, HUMBLE HEART LP.

WHEREAS, on January 10, 2024, 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 three 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 third round affordable housing NOFA will allocate \$15,400,000 in total funding comprised of Low and Moderate Income Housing Asset Funds (LMIHAF), Permanent Local Allocation Funds (PLHA), HOME Investment Partnership Program (HOME) funds, and Community Development Block Grants (CDBG); and

WHEREAS, City staff recommended five 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 Loan Agreements; and

WHEREAS, one of the five recommended projects is the Humble Heart affordable housing project (Project), located at 4341 El Cajon Boulevard in the City Heights Mid-City Community Plan Area (Property); and

WHEREAS, the Project will include 73 residential units (including studios and one, two, three and four-bedroom units), with 72 of those units affordable on a long-term basis to extremely low income households (30 percent AMI) and low income households (50 and 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: ground floor commercial, community room, kitchen, dining room, exercise space, computer lab, laundry, second floor landscaped outdoor courtyard with seating and gathering areas, child and teen play areas, laundry, bicycle storage room, and parking; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, LEED Silver certification, including sustainable features such as all-electric energy efficient appliances, lighting, hot water and HVAC systems, low-flow water fixtures, water-wise landscaping and irrigation, 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 Humble Heart LP, a California limited partnership (Developer), to provide a loan to Developer in an amount not to exceed \$1,229,266 (City Loan) 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 72 units for occupancy by households earning between 30 to 60 percent AMI or less; and

WHEREAS, the source of the City Loan is LMIHAF administered by the City as housing successor to the former Redevelopment Agency of the City of San Diego; and

WHEREAS, the City Loan for construction of the Project is an eligible use of monies from the LMIHAF; and

WHEREAS, Developer's repayment of the City 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 will disburse up to 90 percent of the City Loan as needed at closing for development and construction costs for the 15 extremely low income 30 percent AMI units only, 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 Developer has already received an award of state low-income housing tax credits with an escrow closing and construction start deadline in June 2024; 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- **315507**.

3. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$1,229,266 from the City's Low and Moderate Income Housing Asset Fund, designated as Fund Number 200708, 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 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

  
\_\_\_\_\_  
Brian W. Byun  
Deputy City Attorney

BWB:jdf  
04/05/2024  
Or. Dept: EDD  
Doc. No. 3614359

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 29 2024.

DIANA J.S. FUENTES  
City Clerk

By *Cennie Patterson*  
Deputy City Clerk

Approved: 5/2/24  
(date)

*Todd Gloria*  
TODD GLORIA, Mayor

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

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

Passed by the Council of The City of San Diego on APR 29 2024, 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"/>
Henry L. Foster III	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 MAY 03 2024.

**(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 Linda Shwin, Deputy  
For Connie Patterson

Office of the City Clerk, San Diego, California

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