

RESOLUTION NUMBER R- 315704

DATE OF FINAL PASSAGE JUL 30 2024

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING A LOAN AGREEMENT FOR THE HILLCREST HALL AFFORDABLE HOUSING PROJECT LOCATED AT 1601-1607 UNIVERSITY AVENUE AND 3843 HERBERT STREET, AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$3,175,000 TO THE PROJECT DEVELOPER, HILLCREST HALL LP.

WHEREAS, in 2020, the City of San Diego (City) initiated a Request for Qualification and Notice of Funding Availability (NOFA) 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's first and second round affordable housing NOFAs included \$46 million in total funding from the Low and Moderate Income Housing Asset Fund (LMIHAF), Permanent Local Housing Allocation (PLHA) program, and Community Development Block Grant program for the creation of 897 affordable housing units; and

WHEREAS, in August 2023, the City issued a round three affordable housing NOFA for an additional \$20.2 million in funding; and

WHEREAS, Hillcrest Hall LP, a California limited partnership (Developer), proposes the Hillcrest Hall affordable housing project (Project), on property generally located at 1601-1607 University Avenue and 3843 Herbert Street in the Uptown Community Plan Area (Property); and

WHEREAS, the Project will consist of 98 total units in an eight-story structure, with a mixture of one- two- and three-bedroom units; and

WHEREAS, 15 of the Project units will be restricted to households earning 30 percent of Area Median Income (AMI) or less, ten of which will be reserved for permanent supportive housing designated for households experiencing or at risk of homelessness; 11 units will be restricted to households earning 50 percent of AMI or less; 40 units will be restricted to households earning 60 percent of AMI or less; 31 units will be restricted to households earning 70 percent of AMI or less; and one unit will be an unrestricted manager's unit; and

WHEREAS, the Project will include amenities such as a community room, a computer room with adult education courses, a transit and rideshare information kiosk, a picnic area and playground, a rooftop patio, a bicycle repair station with storage, and 18 parking spaces; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, a Green Point Gold Rating or substantial equivalent, and include sustainable features such as rooftop solar, dual paned low emissivity windows, and energy saving lighting and appliances; and

WHEREAS, the Project will also receive \$5 million from the San Diego Housing Commission and \$4 million from the California Housing Finance Agency Mixed Income Program; and

WHEREAS, the City has negotiated the terms of a proposed Loan Agreement (Agreement) with Developer, to provide a loan in an amount not to exceed \$3,175,000 (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 15 units for occupancy by households earning 30 percent of AMI or less, 11 units for occupancy by

households earning 50 percent of AMI or less, 40 units for occupancy by households earning 60 percent of AMI or less, and 31 units for occupancy by households earning 70 percent of AMI or less; and

WHEREAS, the source of the City Loan will be \$2,575,000 in PLHA funds awarded to the City by the California Department of Housing and Community Development and \$600,000 from the LMIHAF administered by the City as housing successor to the former Redevelopment Agency of the City of San Diego; 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, 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, on May 22, 2024, City staff updated the City Council's Economic Development and Intergovernmental Relations Committee (EDIR Committee) on five projects recommended for NOFA funding, including the Project, 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, the Project is in conformance with and advances the goals and objectives of the City's NOFA, the PLHA program, the City's Affordable Housing Master Plan, and the LMIHAF; 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- **315704**
3. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$600,000 from LMIHAF number 200708, and an amount not to exceed \$2,575,000 from PLHA fund number 600001, Grant 1000627-2021 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 the \$25,000 non-refundable Developer deposit required by the Agreement into LMIHAF number 200708 and

PLHA Program Income fund number 600102 for administrative costs, and to transfer any Developer repayments of the City Loan into LMIHAF number 200708 and PLHA Program Income fund number 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   
William Witt  
Senior Deputy City Attorney

WWW:jdf  
07/16/2024  
07/21/2024 COR. COPY  
Or.Dept: Econ.Dev.  
Doc. No. 3721337\_2

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 23 2024

DIANA J.S. FUENTES  
City Clerk

By   
Deputy City Clerk

Approved: 7/25/24  
(date)

  
TODD GLORIA, Mayor

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

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

Passed by the Council of The City of San Diego on JUL 23 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 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 30 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 Irwin, Deputy  
For Gilbert Sanchez

Office of the City Clerk, San Diego, California  
Resolution Number R- 315704