

RESOLUTION NUMBER R- 316131DATE OF FINAL PASSAGE APR 03 2025

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR MERCADO APARTMENTS AFFORDABLE HOUSING PROJECT WITHIN THE BARRIO LOGAN COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$15,275,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO THE PROJECT DEVELOPER, METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. On March 5, 2025, the 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 five 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).

B. The City of San Diego's (City) fifth round affordable housing NOFA will include \$18,375,000 in total funding from U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds.

C. City staff recommended two projects for fifth round NOFA funding for a total of 266 units, and informed the EDIR Committee that next steps include bringing each recommended project forward for the Council's consideration through the approval of a Loan Agreement.

D. One of the two recommended projects is the Mercado Apartments affordable housing project (Project), located at 2001 Newton Avenue in the Barrio Logan Community Plan Area (Property).

E. The Project will include the substantial rehabilitation of 132 existing residential units and the new construction of 92 residential units, for a total of 222 one, two, and three-bedroom units affordable on a long-term basis to low-income households (up to 60 percent AMI), and two on-site manager's units not subject to affordability restrictions.

F. The Project will also include amenities such as: private balconies, an open courtyard, laundry room, bicycle parking and repair shop, fitness course, parking spaces, play areas, and an expansion of the existing onsite childcare center.

G. The Project will be designed and constructed to comply with State of California tax credit minimum construction standards for sustainability, will incorporate energy efficient fixtures and lighting, all electric appliances, and drought tolerant landscaping.

H. The City negotiated the terms of a proposed Loan Agreement (Agreement) with Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc., a California nonprofit public benefit corporation (Developer), to provide a loan to Developer in an amount not to exceed \$15,275,000 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.

I. The Agreement requires Developer, for at least 55 years, to restrict 222 units for occupancy by households at 60 percent AMI or less.

J. The City's loan to Developer for acquisition of the Property is an eligible use of CDBG funds.

K. 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.

L. 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.

M. 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 the City's Five-year Consolidated Plan for Fiscal Years 2025-2029.

N. The 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.

O. The Office of the City Attorney prepared 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 and accurate.

#### ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

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 Office of the City Clerk as Document No.

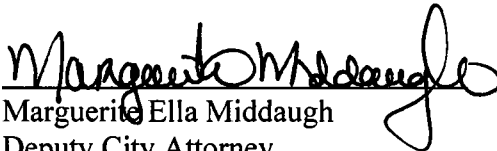
RR- 316131.

3. The Chief Financial Officer, or designee, is authorized to transfer an amount not to exceed \$15,275,000 from Affordable Housing NOFA CDBG Grant 1000003-2025 to the Mercado Apartments Program in Fund 600000, CDBG Grant 1000003-2025, 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 \$15,275,000 from Fund 600000, CDBG Grant 1000003-2025 Mercado Apartments Program to Developer for the Property acquisition 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 Developer's non-refundable deposit of \$25,000 for administrative costs into the Low and Moderate Income Housing Asset Fund 200708 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: HEATHER FERBERT, City Attorney

By   
Marguerite Ella Middaugh  
Deputy City Attorney

MEM:jdf  
03/19/2025  
Or.Dept: Econ.Dev.Dept.  
Doc. No. 3997897

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on  
MAR 25 2025.

DIANA J.S. FUENTES  
City Clerk

By Connie Patterson  
Deputy City Clerk

Approved: 4/1/25  
(date)

Todd Gloria  
TODD GLORIA, Mayor

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

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

Passed by the Council of The City of San Diego on MAR 25 2025, 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 APR 03 2025.

**(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 Kristell Medina, Deputy  
for Connie Patterson

Office of the City Clerk, San Diego, California

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