

#5508  
06/14/2022

(R-2022-566)

RESOLUTION NUMBER R- 314168

DATE OF FINAL PASSAGE JUN 22 2022

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE IRIS AT SAN YSIDRO AFFORDABLE HOUSING PROJECT WITHIN THE SAN YSIDRO COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$5,000,000 TO THE PROJECT DEVELOPER, IRIS AT SAN YSIDRO, L.P.

WHEREAS, on November 17, 2021, the San Diego City Council's (City Council) 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 one 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 first round affordable housing NOFA will include \$33,000,000 in total funding from sale proceeds of former City Redevelopment Agency-owned housing assets, Permanent Local Housing Allocation (PLHA) funds, and Community Development Block Grant funds; and

WHEREAS, City staff recommended seven projects for NOFA funding for a total of 662 units, 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 seven recommended projects is the Iris at San Ysidro affordable housing project (Project), generally located at 1663 Dairy Mart Road in the San Ysidro Neighborhood of the San Ysidro Community Plan Area (Property); and

WHEREAS, the Project will include 100 one- and two-bedroom residential units, with 45 of those units affordable on a long-term basis to extremely low income (30 percent AMI) households, including 15 units for individuals with serious mental illness experiencing homelessness, 54 of those units affordable on a long-term basis to low income (60 percent AMI) households, and one residential unit as an unrestricted on-site manager's unit; and

WHEREAS, the Project will also include amenities such as: resident patios; offices with case management and resident services; surface parking; EV charging; bike lockers and racks; a community room; an outdoor courtyard with seating and landscaping; and gathering areas and children's play areas; and

WHEREAS, the Project will be designed and constructed to LEED-H certification, including sustainable water-saving measures, energy efficient lighting, appliances, and HVAC systems; and

WHEREAS, the City has negotiated the terms of a proposed Loan Agreement (Agreement) with Iris at San Ysidro, L.P., a California limited partnership (Developer), to provide a loan to Developer in an amount not to exceed \$5,000,000 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 54 units for occupancy by households earning 60 percent AMI or less and 45 units for occupancy by households earning 30 percent AMI or less; and

WHEREAS, one source of the City's loan to Developer will be PLHA funds awarded to the City by the California Department of Housing and Community Development; and

WHEREAS, the PLHA program provides a permanent source of funding to cities to help meet the unmet affordable housing need, increase the supply of affordable housing units, and produce permanent housing for persons experiencing or at risk of homelessness; and

WHEREAS, the other source of the City's loan to Developer will be 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

WHEREAS, the City's loan to Developer for construction of the Project is an eligible use of monies in the Low and Moderate Income Housing Asset Fund; 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, proceeds from the City's loan will be disbursed to Developer at escrow closing up to 90 percent of the total loan proceeds, 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 in conformance with and advances the goals and objectives of the City's NOFA, and the guiding principles identified in the City's Affordable Housing Master Plan and 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; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The City 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-**314168**.

3. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$5,000,000 total, including \$3,600,000 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, and an amount not to exceed \$1,400,000 in the in the City's PLHA funds from Fund 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 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.

5. The Chief Financial Officer, as delegated, is authorized to deposit any Developer repayments of the City's loan into the PLHA fund for future affordable housing expenditures consistent with applicable law.

APPROVED: MARA W. ELLIOTT, City Attorney

By: /s/ Daphne Z. Skogen  
Daphne Z. Skogen  
Deputy City Attorney

DZS:cm  
06/09/2022  
Or.Dept: Econ.Dev.  
Doc. No. 3001833

I certify that this Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 14 2022.

ELIZABETH S. MALAND  
City Clerk

By Connie Patterson  
Deputy City Clerk

Approved: 6/22/22  
(date)

Todd Gloria  
TODD GLORIA, Mayor

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

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

Passed by the Council of The City of San Diego on JUN 14 2022, 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"/> |
| Chris Cate               | <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 JUN 22 2022.

**(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) ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By Connie Patterson Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- 314168