

RESOLUTION NO. SHA 2017 - \_\_\_\_

A RESOLUTION OF THE CITY COUNCIL ACTING SOLELY IN ITS CAPACITY AS THE DESIGNATED SUCCESSOR HOUSING AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY AUTHORIZING AN INCREASE TO A PREVIOUSLY AUTHORIZED DEVELOPMENT AND LOAN AGREEMENT WITH ORANGE HOUSING DEVELOPMENT CORPORATION AND C & C DEVELOPMENT COMPANY, LLC FOR AN AFFORDABLE HOUSING DEVELOPMENT IN THE RICHMAR NEIGHBORHOOD

WHEREAS, on January 10, 2012 the City Council adopted Resolution No. 2012-7607 appointing itself as the Successor Housing Agency to the former San Marcos Redevelopment Agency ("Successor Housing Agency"); and

WHEREAS, on January 10, 2012 the City Council adopted Resolution No. 2012-7607 appointing itself as the Successor Agency to the former San Marcos Redevelopment Agency ("Successor Agency"); and

WHEREAS, the Successor Housing Agency (SHA) and the City of San Marcos ("City") both have a state mandate to construct affordable housing; and

WHEREAS, Orange Housing Development Corporation and C & C Development Company, LLC ("Developer"), have approached the RDA, SHA and the City about development of affordable housing within the Richmar neighborhood ("Project"); and

WHEREAS, this Project will assist in meeting the City Council's goal of neighborhood revitalization in the Richmar neighborhood by expanding the stock of decent safe and affordable housing; and

WHEREAS, the former Redevelopment Agency (RDA) Board previously authorized an Exclusive Negotiation Agreement and a predevelopment loan of \$173,000 for this Project on January 27, 2009; and

WHEREAS, the former RDA or the SHA previously authorized five separate property acquisitions totaling \$9,537,238 for the Project under an Owner Participation

Agreement (OPA) originally entered into on April 8, 2009 and modified for each subsequent property acquisition; and,

WHEREAS, the SHA previously authorized a Project loan of \$800,000 for additional Project development costs and a modification to the OPA on December 9, 2014; and,

WHEREAS, the City previously authorized the transfer of two City-owned properties appraised for a total of \$1,970,000 and a Development and Loan Agreement (DLA) for the two properties concurrently on December 9, 2014; and,

WHEREAS, the Successor Housing Agency desires to provide additional financial assistance of up to \$2,600,000 to the Developer to close a recent funding gap in the volatile tax credit market and to restore and improve Project competitiveness in the rigorous application process for low income housing tax credits; and,

WHEREAS, this particular decision of the SHA is not subject to subsequent approval by the Oversight Board and the Department of Finance; and

WHEREAS, the decision of the SHA is based on the following findings and determinations.

NOW, THEREFORE BE IT RESOLVED, by the Successor Housing Agency of the City of San Marcos:

1. The foregoing recitals are true and correct, and are incorporated herein by reference.
2. Due to the current conditions in the private sector of the economy related to tax credit pricing and recent rules changes implemented by the Tax Credit Allocation

Committee, the net effect has been to create an unexpected funding gap and to increase the amount of the local agency's financing in order to complete the Project.

3. There are sufficient Successor Housing Agency funds available for an additional loan authorization of up to \$2,600,000.

4. The Successor Housing Agency hereby approves an increase to the Project loan of \$2,600,000 in accordance with the terms of the amended Owner Participation Agreement.

5. The use of the Successor Housing Agency's financial resources to fund this affordable housing Project is considered to be allowable and appropriate.

6. Authorizes the City Manager to finalize and conclude all required regulatory agreements and financing arrangements consistent with the parameters set forth herein.

7. Authorizes the City budget to be amended, as required.

8. This authorization is not subject to subsequent approval by the Oversight Board nor the Department of Finance.

PASSED, APPROVED AND ADOPTED by the City Council in its capacity as the legislative body of the Successor Housing Agency this 14th day February, 2017, by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

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James M. Desmond, Mayor  
City of San Marcos

ATTEST:

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Phillip Scollick, City Clerk  
City of San Marcos