

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 OPPORTUNE SOUTHERN CALIFORNIA VENTURES, LLC FOR AN AFFORDABLE HOUSING PROJECT IN THE CREEK DISTRICT

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 and the City of San Marcos (“City”) both have a state mandate to construct affordable housing; and

WHEREAS, Opportune Southern California Ventures, LLC a California limited partnership (“Developer”), has approached the Successor Housing Agency about development of affordable housing within the San Marcos Creek Specific Plan (“Project”); and

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

WHEREAS, the Successor Agency and the Successor Housing Agency have previously authorized an exclusive negotiation agreement and a predevelopment loan of \$250,000 from the Agency’s Housing Bond Fund to the Developer for this Project on September 24, 2013; and

WHEREAS, both the Oversight Board to the Successor Agency and the State of California Department of Finance (“Department of Finance”) subsequently approved the same predevelopment loan of \$250,000 from the Successor Agency’s Housing Bond Fund to the Developer for this Project; and

WHEREAS, the Successor Agency and the Successor Housing Agency have previously authorized a project loan totaling \$17,023,000, a Development and Loan Agreement and a Section 33433 Report and property transfer to the Developer for this Project on January 28, 2014; and

WHEREAS, both the Oversight Board to the Successor Agency and the Department of Finance subsequently approved the bond fund component totaling \$5,306,000 of the same project loan of \$17,023,000 from the Successor Agency’s Housing Bond Fund to the Developer for this Project; and

WHEREAS, the City Council has previously authorized a separate contingency authorization of up \$250,000 from the City Affordable Housing Fund and authorized the City Manager to use the money in the appeal of the unresolved property tax assessment issue for the predecessor Project on the same site on September 24, 2013; and

WHEREAS, on January 27, 2015 the City Council adopted Resolution No. 2015-8027 and authorized the reallocation of \$250,000 from the City Affordable Housing Fund in support of the predecessor affordable housing Project on the same site, to continue to develop real property located in the eastern end of the San Marcos Creek Specific Plan on the same site; and,

WHEREAS, the Successor Agency Successor Housing Agency and the Successor Housing Agency have previously authorized additional financial assistance of up to \$800,000 to the Developer using a combination of \$300,000 from the Successor Agency's Housing Bond Fund and \$500,000 from the Successor Housing Agency's Fund in order to continue to develop the Project on May 26, 2014; and,

WHEREAS, both the Oversight Board to the Successor Agency and the State of California Department of Finance ("Department of Finance") subsequently approved the loan increase of \$300,000 from the Successor Agency's Housing Bond Fund; and

WHEREAS, the Successor Agency and the Successor Housing Agency have previously authorized additional financial assistance of up to \$2,310,000 to the Developer by increasing the value of the property acquisition loan amount by the same amount on May 26, 2014; and,

WHEREAS, this project will assist in meeting the City Council's goal of development in the Creek District by expanding the stock of decent, safe and affordable housing;

WHEREAS, the Successor Housing Agency desires to provide additional financial assistance of up to \$800,000 to the Developer to close a recent funding gap in the volatile tax credit market; and,

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

WHEREAS, the decision of the Successor Housing Agency 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, 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 on deposit for an additional loan authorization of up to \$800,000.
4. The Successor Housing Agency hereby approves an increase to the Project loan of \$800,000 in accordance with the terms of the Development and Loan 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:

James M. Desmond, Mayor
City of San Marcos

ATTEST:

Phillip Scollick, City Clerk
City of San Marcos