

RESOLUTION NO. SHA 2014 - ____

A RESOLUTION OF THE CITY COUNCIL AS THE SUCCESSOR HOUSING AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY AUTHORIZING A DEVELOPMENT AND LOAN AGREEMENT AND MODIFIED OWNER PARTICIPATION 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, the Successor Housing Agency 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"), has approached the Successor Housing Agency 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 Board previously authorized an Exclusive Negotiating Agreement and a predevelopment loan of \$173,000 to the Developer for this Project on January 27, 2009; and

WHEREAS, the former Redevelopment Agency Board or the Successor Housing Agency previously authorized five separate property acquisitions totaling \$9,537,238 to the Developer for this Project commencing on March 24, 2009; and

WHEREAS, the Successor Housing Agency desires to provide financial assistance to the Developer using funds from the Successor Housing Agency for funding to develop real property located in the Richmar neighborhood encompassing twelve parcels already owned or controlled by the Developer encompassing APN 220-100-63, APN 220-100-64, APN 220-100-

66, APN 220-100-67, APN 220-100-62, APN 220-100-29, APN 220-100-14, APN 220-100-12, APN 220-100-56, APN 220-100-10, APN 220-100-09, APN 220-100-08 within the City; and

WHEREAS, the Successor Housing Agency and Developer desire to negotiate an amendment to the existing Owner Participation Agreement by which the agency would provide financial assistance to the Developer for the development of the above-described property for affordable housing purposes in a Project; and

WHEREAS, a component of the assistance to the Developer will be an additional loan of up to \$800,000 from the Successor Housing Agency affordable housing fund; and

WHEREAS, the decision Successor Housing Agency in this instance 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 prevailing conditions in the public and private sectors of the economy, other sources of additional financing, including commercial and private sources, are currently available, but in a relatively constrained manner. The net effect is to increase the amount of the local agency's financing in order to complete the Project.
3. The use of the Successor Housing Agency's affordable housing financial resources to fund to this affordable housing project is considered to be allowable and appropriate.
4. The Successor Housing Agency hereby approves a total former RDA/SHA funding component in an amount not to exceed \$10,424,018 at 0.25% simple interest to ensure that the project can apply for low income housing tax credits and, specifically, a combined City

and former RDA/SHA loan to the developer in an amount not to exceed \$12,394,018 at 0.25% simple interest for the entire Project; the City component reflecting \$1,970,000 for the appraised value of the two properties to be transferred from the City to the Developer in accordance with the terms of the Disposition and Loan Agreement; the former RDA/SHA component reflecting \$10,424,018 for the combined total of a predevelopment loan and six different property acquisition loans; accrued interest on the predevelopment loan and the property acquisition loans and an additional loan of \$800,000 for Phase I development costs.

5. Approves the transfer and sale of the Property to the Developer subject to (i) the modified Owner Participation Agreement and the Development and Loan Agreement (ii) the Developer and the City agreeing on terms for the financing and development of the Project and (iii) any and all approvals necessitated by AB 1x26 and/or AB 1484 and the expiration of all applicable review periods, and

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

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

PASSED, APPROVED AND ADOPTED by the City Council in its capacity as the legislative body of the Successor Housing Agency this 9th day December, 2014, 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