

RESOLUTION NO. RA 10-005

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING UP TO \$1.325 MILLION IN REDEVELOPMENT LOW AND MODERATE INCOME
HOUSING FUNDS TO ASSIST THE REDEVELOPMENT OF OAK PARK PUBLIC (LOW
INCOME) HOUSING

WHEREAS, at its meeting of June 1, 2010, the City Council of the City of El Paso de Robles (the "City Council") approved Planned Development (PD) 10-001 authorizing the redevelopment of Oak Park Public Housing to include the demolition of the existing 148 residential units and construction of 302 new low income units with a public park, community center, and offices (the "Project"); and

WHEREAS, the Housing Authority of the City of Paso Robles and the Housing Authority of the County of Monterey, who are co-applicants (the "Applicants") for the Project have indicated an intent to seek Federal Tax Credit financing for the project, which will require that occupancy of all 302 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2010, requesting that the Redevelopment Agency of the City of Paso Robles (the "Agency") grant up to \$1.325 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purposes of assisting with construction costs (\$450,000) and for offsetting \$850,000 of the estimated development impact fees for Phase One of the Project; and

WHEREAS, in their letter of June 24, 2010, the Applicants have communicated a willingness to consider applying for additional funds to reduce the amount of requested LMIH assistance in proportion to any other sources of financing for the Project they may be able to acquire; and

WHEREAS, the Agency has provided financial assistance with LMIH Funds to other low income housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies), and Hidden Creek Village (up to \$1.0 million to offset city building permit and development impact fees); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan and the City's objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency's goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the “Affordability Covenant”) to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Applicant’s request, the Applicants have not yet applied for Federal Tax Credit Financing, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$1.325 million in future LMIH Funds to be a loan to the Applicants for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be \$1.325 million, but the Applicants shall agree to apply for supplemental sources of financing, which may include an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and federal HOME funds, with the understanding that the principal amount shall be reduced in direct proportion to the amount of supplemental funds awarded to the Project;
 - b. The loan shall accrue interest at the rate of 3 percent simple;
 - c. Payments on the loan shall be deferred for a period of 55 years; if at the end of 55 years, the Project has continually been operated to restrict rent levels for all units to those affordable to lower income households, as defined by Health and Safety Code Section 50053, the principal amount of the loan shall be forgiven;
 - d. The principal amount of the loan shall be disbursed as follows:
 - (1) An initial payment of \$550,000 will be made upon issuance of a building permit; this amount will include \$450,000 to be paid directly to the applicant for construction cost assistance and \$100,000 to be paid to the City as the first payment against \$875,000 in development impact fees;
 - (2) Seven (7) annual payments of \$100,000 in principal plus interest at 3% compounded to the City as the second through eighth payments against \$875,000 in development impact fees;
 - (3) A year after payment of the eighth installment described above, payment of \$75,000 in principal plus interest at 3% compounded to the City as the ninth payment against \$875,000 in development impact fees.

3. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 9 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.
4. Prior to distribution of any grant funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
5. As a prerequisite to obtaining the loan, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
6. The PA shall provide that the residents of the Project qualify as “Lower Income Households”, as defined by Health and Safety Code Section 50079.5.
7. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of the Project to levels affordable to “Lower Income Households”, as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 6th day of July, 2010 by the following vote:

AYES: Strong, Gilman, Steinbeck, Picanco, Hamon
NOES:
ABSENT:
ABSTAIN:

John Hamon, Chairman

ATTEST:

Caryn Jackson, Deputy City Clerk