

RESOLUTION NO. RA 11-005

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING 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 \$875,000 of the estimated development impact fees for Phase One of the Project; and

WHEREAS, at its meeting of July 6, 2010, the Agency adopted Resolution 10-005 to reserve \$1.325 in LMIH funds to the applicants for a period of 6 months; and

WHEREAS, at its meeting of February 15, 2011, the Agency adopted Resolution 11-002 to grant an additional 6 months for the reservation of \$1.325 million in LMIH funds; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2011, requesting that the City of Paso Robles provide additional financial assistance to the Project by allowing a deferment of payment development impact and building permit fees for Phase One, which are now estimated to total \$843,790 and requesting that the Agency grant another 6 month time extension for the reservation of \$1.325 million in LMIH funds; and

WHEREAS the City deferred payment of fees for the Hidden Creek Village an affordable housing project, but subject to a loan of LMIH funds to its developer and a Fee Deferral Agreement between the City and the Agency; 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 (\$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 2011 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 obtained an allocation of 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. First Loan for \$1.325 Million.

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 assisting with construction costs for the Project, subject to the following conditions:

1. 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 loan shall be disbursed from the LMIH Fund to the City as follows:
 - (1) An initial payment of \$550,000 will be made upon issuance of a building permit for construction cost assistance;

- (2) A second payment of \$400,000 will be made on the second anniversary of the issuance of a building permit;
- (3) A third payment of \$425,000 will be made on the third anniversary of the issuance of a building permit.

SECTION 2. Second Loan for \$843,790.

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 \$843,790 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. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be set at the amount of building permit and development impact fees in effect at the time of issuance of a building permit for the project, acknowledging that certain fees are not due to be paid until the time of issuance of a Certificate of Occupancy. That amount is estimated to be \$843,790.
 - b. The loan shall accrue interest at the rate of 3.75 percent compounded.
 - c. Payments on the loan shall be deferred for a period of 16 years at which time a balloon payment of the principal amount of the loan and accrued interest shall be made. The applicant may pre-pay the loan at any time without penalty, subject only to the amount of interest that has accrued to the date of payment.
 - d. The loan shall be disbursed from the LMIH Fund to the City in ten (10) annual payments calculated so that the principal amount of deferred fees plus interest as described in subsection “b”, above, shall be fully-amortized over a period of 10 years.
2. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 10 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.

SECTION 3. Conditions Common to Both Loans

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. Prior to distribution of any LMIH funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
3. As a prerequisite to obtaining the loans, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
4. 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.
5. 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.

SECTION 4. Resolutions RA 10-005 and RA 11-002 Superseded

Resolutions RA 10-005 and RA 11-002 are hereby superseded and repealed.

SECTION 5. Possible Changes in Redevelopment Law

In the event that the State of California enacts legislation that would eliminate Redevelopment Agencies or the ability to continue to provide LMIH funding for the Project, in the amounts cited in this resolution, the Agency has no obligation to provide alternative financial assistance to the Project.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 5th day of July, 2011 by the following vote:

AYES: Steinbeck, Strong, Picanco, Hamon, Gilman

NOES:

ABSENT:

ABSTAIN:

Nick Gilman, Chairman

ATTEST:

Caryn Jackson, Deputy City Clerk

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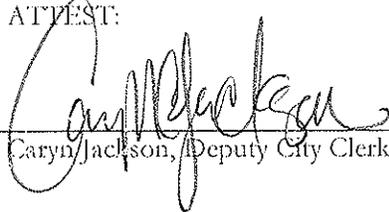
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