

RESOLUTION NO. _____
(SUCCESSOR HOUSING AGENCY RESOLUTION NO. _____)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AND THE CHULA VISTA HOUSING AUTHORITY, IN ITS CAPACITY AS THE SUCCESSOR HOUSING ENTITY WITHIN THE MEANING OF HEALTH AND SAFETY CODE SECTION 34176; APPROVING THE ASSUMPTION OF EXISTING CITY AND HOUSING AUTHORITY LOANS TOTALING APPROXIMATELY \$2,643,695 IN PRINCIPAL AND ACCRUED INTEREST, AND AUTHORIZING THE CITY MANAGER TO EXECUTE ALL RELATED LOAN DOCUMENTS BY AND BETWEEN THE CITY OF CHULA VISTA AND CORDOVA TROLLEY, LP FOR CORDOVA VILLAGE AND TROLLEY TERRACE MULTIFAMILY AFFORDABLE APARTMENTS

WHEREAS, South Bay Community Services, as the general partner of Cordova Village LP, (the “Developer”) and the City of Chula Vista (the “City”) and the Chula Vista Housing Authority (“Housing Authority”) as the Successor Housing Entity (collectively, the “Lender”) are all current parties to that certain Disposition and Development Agreement/HOME Program Participation Agreement dated as of December 17, 1996, and recorded against a 40 unit multifamily rental development, with eight (8) units affordable to very low income households at 50 percent of the Area Median Income (AMI), thirty-one (31) units affordable to low income households at 60 percent of the Area Median Income (AMI) and one (1) unrestricted for a resident manager, located at 1280 E J Street in the City of Chula Vista, known as Cordova Village, (“Cordova”) in the Office of the Recorder of the County of San Diego on September 12, 1997, as Document 1997-0443742 (“DDA-Cordova”);

WHEREAS, Developer received a development loan in the amount of five hundred ten thousand dollars (\$510,000) from Housing Authority’s Low and Moderate Income Housing Fund (the "Housing Fund") and four hundred seventy-eight thousand two hundred dollars (\$478,200) from the City’s HOME Investment Program funds (HOME funds) at three percent interest per annum compounded monthly to be paid from 75 percent of residual receipts, with the execution of the DDA-Cordova and other associated loan documents, to assist with the financing gap for the construction of Cordova; and

WHEREAS, Developer, as the general partner of Trolley Terrace LP, and Lender are all current parties to that certain Disposition and Development Agreement/HOME Program Participation Agreement dated as of October 21, 1997, and recorded against an eighteen (18) unit multifamily rental development, with seventeen (17) units affordable to very low income households at 40 percent of the Area Median Income (AMI) and one (1) unrestricted for a resident manager, located at 750 Ada Street in the City of Chula Vista, known as Trolley Terrace Townhomes, (“Trolley”) in the Office of the Recorder of the County of San Diego on November 25, 1997, as Document 1997-0597464 (“DDA-Trolley”);

WHEREAS, Developer received a development loan in the amount of eight hundred ninety-six thousand nine hundred and five dollars (\$896,905) from the City's HOME funds at three percent interest per annum compounded monthly to be paid from 75 percent of residual receipts, with the execution of the DDA-Trolley and other associated loan documents, to assist with the financing gap for the construction of Trolley; and

WHEREAS, Developer, as partner of the newly formed Cordova Trolley Limited Partnership, proposes the acquisition and rehabilitation of Cordova and Trolley to preserve their affordability and ensure their continued long-term use and viability; and

WHEREAS, Developer proposes the acquisition and rehabilitation of both Cordova and Trolley as "scattered sites" (collectively, the "Project") utilizing up to \$7,000,000 of tax-exempt Multifamily Housing Revenue Bonds (Bonds) issued by the Housing Authority and companion non-competitive four percent tax credits; and

WHEREAS, the Lender's evaluation of the development budget, operating pro forma, and source and uses for the Project determined that the assumption by the Developer of the existing development loans of Lender is appropriate and necessary in order to make the Project feasible; and

WHEREAS, Project will continue to make available housing affordable for very low and low income persons of the neighborhood and the City for an additional fifty-five (55) years; and

WHEREAS, Lender wishing to assist with the financing gap for the acquisition and rehabilitation of the Project proposes to terminate the existing DDAs for the Project and concurrently enter into consolidated loan documents and a regulatory agreement with Developer and to be recorded as encumbrances to the Project for the balance of Lender's outstanding development loans from its Housing funds and HOME funds, pursuant to which the Developer would agree to acquire and operate the Project in accordance with the requirements of the Lender's existing DDAs, restricting occupancy of 56 of the apartment units in the Project to very-low and low-income households and rent those units at an affordable housing cost, plus two (2) unrestricted apartment units for resident managers at Cordova and Trolley; and

WHEREAS, the City's Housing Advisory Commission did, on the 25th day of April, 2018, hold a public meeting to consider said request for financing of the Project; and

WHEREAS, the Housing Advisory Commission, upon hearing and considering all testimony, if any, of all persons desiring to be heard, and considering all factors relating to the financing of the Project, recommended to the Successor Agency and City financing be approved on the condition that all other necessary financing be secured for the Project, and

WHEREAS, in accordance with the requirements of CEQA, the Development Services Director has determined that the proposed project qualifies for a Class 1 Categorical Exemption pursuant to Section 15301 Existing Facilities of the California Environmental Quality Act State Guidelines because it involves the rehabilitation of existing facilities which would not result in an expansion of the existing uses; and,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby approve the termination of the DDAs for Cordova Village and Trolley Terrace Townhomes and the concurrent execution and recordation of all loan documents and regulatory agreements for the assumption and consolidation of all outstanding loan balances, principal and accrued interest to date, from the City's HOME Investment Program funds (HOME funds) to Developer for the acquisition and rehabilitation of a total of 58 residential units for both Cordova Village and Trolley Terrace Townhomes.

BE IT FURTHER RESOLVED by the Housing Authority as Successor Housing Agency of the City of Chula Vista, that it does hereby approve the termination of the DDA for Cordova Village and the concurrent execution and recordation of all loan documents and regulatory agreements for the assumption and consolidation of all outstanding loan balances, principal and accrued interest to date, from the Housing Authority's Low and Moderate Income Housing Set-Aside fund to Developer for the acquisition and rehabilitation of a total of 58 residential units for both Cordova Village and Trolley Terrace Townhomes.

BE IT FURTHER RESOLVED by the City Council of the City of Chula Vista and the Housing Authority as Successor Housing Entity, that it directs staff to prepare all necessary documents and any actions, for the assumption and consolidation of the outstanding development loans and authorizing the City Manager, or his designee to execute a Notice of Termination of the Disposition and Development Agreements and all associated loan documents, and regulatory agreement, consistent with the City's standard documents as reviewed by the City Attorney's office, necessary for the financing of the proposed acquisition and rehabilitation of Project and, at minimum, subject to the following terms and conditions:

1. Developer shall secure all other financing necessary for the acquisition and development of the Project.
2. The loan repayment will be secured by a Deed of Trust and Amended and Restated Promissory Notes for the property in favor of the Housing Authority as Successor Agency and City of Chula Vista and recorded against the property.
3. The term of the Lender loans shall be fifty-five (55) years.
4. The outstanding balances shall accrue interest at 3 percent per annum.
5. Payment on the Lender loans shall be made from fifty percent (50%) of the residual receipts of the Project.
6. Developer will be required to operate the Project consistent with the Regulatory Agreement required by the Project's bond and tax credit financing, the Lender's financing, the covenants imposed by these Agreements, and any other project requirements.

7. This approval remains subject to additional approval by Housing Authority and City Council, in which Housing Authority and City Council retains its sole and unfettered discretion to approve, deny, or to take alternative actions, of, but not limited to, the final approval of multi-family mortgage revenue bond financing for the Project.

Presented by

Approved as to form by

Kelly G. Broughton, FASLA
Director of Development Services

Glen R. Googins
City Attorney/Legal Counsel