

RESOLUTION NO. \_\_\_\_\_  
(HOUSING AUTHORITY RESOLUTION NO. \_\_\_\_\_)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AND THE HOUSING AUTHORITY, IN ITS CAPACITY AS THE SUCCESSOR HOUSING ENTITY WITHIN THE MEANING OF HEALTH AND SAFETY CODE SECTION 34176, [1] APPROVING TOTAL FINANCIAL ASSISTANCE OF \$932,000; AND [2] AUTHORIZING THE CITY MANAGER TO EXECUTE RELATED LOAN DOCUMENTS BY AND BETWEEN THE CITY OF CHULA VISTA AND A TO-BE-FORMED LIMITED PARTNERSHIP FOR MILLENIA SENIOR AFFORDABLE APARTMENTS

WHEREAS, to facilitate and materially assist the housing industry in providing adequate and affordable shelter for all economic segments of the community and to provide a balance of housing opportunities for very low income, lower income, and senior households, the City of Chula Vista ("City") has adopted Chula Vista Municipal Code ("CVMC") Section 19.90 - Affordable Housing Incentives, consistent with Sections 65915 and 65917 of the California Government Code; and

WHEREAS, Chelsea Investment Corporation, utilizing a to-be-formed limited partnership of which Chelsea Investment Corporation will be a partner, the "Developer", proposes to construct a 123 multifamily rental development, with 13 units affordable to very low income senior households at 50 percent of the Area Median Income (AMI) and 109 units affordable to low income senior households at 60 percent of the Area Median Income (AMI), within the Otay Ranch Millenia Master Planned Community ("Senior Project"); and

WHEREAS, Developer is applying for an allocation of Multifamily Housing Revenue Bonds from the California Debt Limit Allocation Committee (CDLAC); and

WHEREAS, Developer is applying for four percent (4%) tax credits from the Tax Credit Allocation Committee (TCAC); and

WHEREAS, in accordance with CVMC §19.90.050, the Developer has requested assistance to reduce the development costs for the construction of the Senior Project for its financial feasibility; and

WHEREAS, the City's evaluation of the development budget, operating pro forma, and source and uses for the Senior Project determined that additional financing is appropriate and necessary in order to make the Senior Project feasible; and

WHEREAS, California Health and Safety Code Sections 33334.2 and 33334.6 authorize and direct the Housing Authority (in its capacity as the Successor Housing Entity within the meaning of Health and Safety Code section 34176; "Housing Authority"), to expend funds

pursuant to Health and Safety Code section 34176(d) for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing cost to persons and families of low- and moderate-income, lower income, and very low income; and

WHEREAS, pursuant to Health and Safety Code section 34176(d) the Housing Authority has established a Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund"); and

WHEREAS, pursuant to Health and Safety Code §33334.2(e), in carrying out its affordable housing activities, the Housing Authority is authorized to provide subsidies to or for the benefit of very low income and lower income households, or persons and families of low or moderate income, to the extent those households cannot obtain housing at affordable costs on the open market, and to provide financial assistance for the construction and rehabilitation of housing which will be made available at an affordable housing cost to such persons; and

WHEREAS, the Housing Authority wishes to provide Developer with a development loan in the amount of nine hundred thirty-two thousand dollars (\$932,000) to assist with the financing gap for the construction of the Senior Project; and

WHEREAS, the Senior Project furthers the goals of the Housing Authority and the City, as it will facilitate the creation of new affordable rental housing which will serve the needs and desires of various age, income and ethnic groups of the neighborhood and the City; and

WHEREAS, in order to carry out and implement the City's Consolidated Plan and Housing Element of the General Plan and the affordable housing requirements and goals thereof, the Housing Authority proposes to enter into a Housing Authority Loan Agreement and Related Restricted Covenants (the "Loan Agreement") with the Developer, to be recorded as encumbrances to the Senior Project, pursuant to which the Housing Authority would make a loan to the Developer (the "Loan"), and the Developer would agree to develop and operate the Senior Project in accordance with the requirements of the Loan Agreement, restrict occupancy of 122 of the apartment units in the Senior Project to very-low and low-income senior households and rent those units at an affordable housing cost, plus 1 unrestricted apartment unit which will be used as the manager's unit; and

WHEREAS, the Loan Agreement will leverage the investment of the Housing Authority by requiring the Developer to obtain additional financing for the construction and operation of the Senior Project through a combination of a loan obtained from the proceeds of multi-family mortgage revenue bond financing and an equity contribution by a limited partner investor in consideration for the "4% Tax Credits" to be generated by the Senior Project; and

WHEREAS, the City's Housing Advisory Commission did, on the 20<sup>th</sup> day of November, 2014, hold a public meeting to consider said request for financial assistance; 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

request for financial assistance, recommended to the Housing Authority and City that financial assistance be approved on the condition that all other necessary financing be secured for the Senior Project, and

WHEREAS, the Housing Advisory Commission found that the Housing Authority's financial participation in the development of the Senior Project will be a sound investment based upon Developer's ability to effectively serve the City's housing needs and priorities as expressed in the Housing Element and Consolidated Plan and the cost effectiveness of the City's financial assistance based upon the leveraging of such sources and is necessary in order to facilitate the construction of the Senior Project; and

WHEREAS, in accordance with the requirements of CEQA, the Environmental Review Coordinator has determined that the proposed project was adequately covered in previously adopted Final Second Tier Environmental Impact Report, EIR 07-01, and no further action by the City Council is necessary.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista and the Housing Authority, in its capacity as the Successor Housing Entity within the meaning of Health and Safety Code section 34176, that the Senior Project is consistent with the provisions of Chula Vista Municipal Code (CVMC) Section 19.90, wherein Developer will construct housing units to be restricted for occupancy by very low and low-income households or senior citizens as set forth in CVMC §19.90.040.

BE IT FURTHER RESOLVED by the Housing Authority, in its capacity as the Successor Housing Entity within the meaning of Health and Safety Code section 34176, and City Council of the City of Chula Vista that the financial assistance requested by Developer, in accordance with CVMC §19.90.050, is necessary to provide for affordable rents and to achieve lower development costs. The Senior Project cannot be built without such assistance.

BE IT FURTHER RESOLVED by the Housing Authority, in its capacity as the Successor Housing Entity within the meaning of Health and Safety Code section 34176, that it does hereby approve a residual receipts loan in an amount not-to-exceed \$932,000 from the Housing Authority's Low and Moderate Income Housing Asset fund to Developer for the construction of 123 residential units of the Senior Project within the Otay Ranch Millenia master planned community.

BE IT FURTHER RESOLVED by the Housing Authority, in its capacity as the Successor Housing Entity within the meaning of Health and Safety Code section 34176, that it directs staff to prepare all necessary documents and any actions, as may be required by California Health and Safety Code Sections 33334.2 and 33334.6, to commit the Housing Authority's funds and authorizing the City Manager, or his designee to execute an Loan Agreement and all associated loan documents, and regulatory agreements, consistent with the City's standard documents as reviewed and approved by the City Attorney's office, necessary for the financing of the proposed Senior Project, securing said Loan, and, at minimum, subject to the following terms and conditions:

1. Certification of the appropriate CEQA documentation prior to any City and Housing Authority Loan disbursements for any portion of the Senior Project.
2. Developer shall secure all other financing necessary for the acquisition and development of the Senior Project.
3. The loan repayment will be secured by Deeds of Trust and Promissory Notes for the property in favor of the Housing Authority and recorded against the Project property. The Housing Authority's loan will be junior to the City's Development Fee Deferral deed of trust, the bond financing and the deferred developer fees on the Senior Project.
4. The term of the Housing Authority loan shall be fifty-five (55) years.
5. The outstanding balance shall accrue simple interest at 3 percent per annum.
6. Payment of principal and interest on the Housing Authority loan shall be made out of a fund equal to fifty percent (50%) of the "Residual Receipts", defined as the income which remains after the payment of the debt service on the permanent loan, payment on subordinate junior bonds, payment of the deferred developer fee, and reasonable operating expenses.
7. Developer will be required to operate the Senior Project consistent with the Regulatory Agreement required by the Senior Project's bond and tax credit financing, the City's Affordable Housing Program, and the Housing Authority's financing, the covenants imposed by these Agreements, and any other project requirements.
8. The Housing Authority assistance is based upon the assumptions presented within the sources and uses of funds, development budget, development proforma and other information filed with the Affordable Housing Review Application for the project as submitted and reviewed by the City's Development Services Housing Division. The Housing Authority assistance is a maximum level of participation. It is expected that any substantive revisions in such financing assumptions which would lead to an increase in other resources available, would therefore reduce the level of Housing Authority and City assistance.
9. The City Council and Housing Authority retain their sole and unfettered discretion to approve, deny, or to take alternative actions, of, but not limited to, the following: the commitment of \$932,000 of Housing Authority funds and final approval of multifamily mortgage revenue bond financing for the Senior Project.

Presented by

Approved as to form by

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Kelly Broughton  
Development Services Director

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Glen R. Googins  
City Attorney