

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A LOAN OF UP TO \$3,300,000 TO WAKELAND HOUSING AND DEVELOPMENT CORPORATION, OR AN AFFILIATED ENTITY, TO ASSIST IN THE CONSTRUCTION OF A 96-UNIT AFFORDABLE HOUSING DEVELOPMENT TO BE LOCATED AT 610 PASEO DEL REY, AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO NEGOTIATE AND EXECUTE ALL DOCUMENTS RELATED TO THE LOAN IN A FORM APPROVED BY THE CITY ATTORNEY'S OFFICE

WHEREAS, the City of Chula Vista previously appropriated funds for the production of Permanent Supportive Housing ("PSH"), including \$2,668,810.45 in HOME America Rescue Plan ("HOME-ARP") funds and more than \$631,189.55 in HOME Investment Partnership Program ("HOME") funds pursuant to Resolution 2023-166, adopted on October 17, 2023 and Resolution 2024-085, adopted on May 21, 2024; and

WHEREAS, on July 24, 2023, the City of Chula Vista ("City") issued a Request for Qualifications ("RFQ") to identify organizations qualified to construct and operate PSH, combining long-term affordable housing with supportive services and resources for formerly homeless individuals and families; and

WHEREAS, Wakeland Housing and Development Corporation ("Wakeland") was one of four applicants to submit a response to the RFQ, and was determined to be qualified as an organization to partner with the City in the creation of PSH; and

WHEREAS, on March 11, 2024, the City issued a Request for Proposals ("RFP") for the development of PSH, which set forth minimum threshold requirements and competitive evaluation criteria such as project readiness, location, and quality of the supportive services plan; and

WHEREAS, Wakeland submitted a proposal for a 96-unit affordable rental development (the "Project") to be located at 610 Paseo Del Rey (the "Property"), consisting of 95 units affordable to low-, very low-, and extremely low-income households, including 48 units set aside as PSH, and one exempt manager's unit, and staff determined that the proposal was responsive, responsible, met all of the minimum threshold criteria and scored highly on the competitive evaluation criteria; and

WHEREAS, Wakeland requested four million dollars (\$4,000,000) in City assistance for construction of the Project, and the City's evaluation of the development budget determined that this amount was appropriate and necessary in order to construct the Project; and

WHEREAS, Wakeland is preparing to complete its financing by submitting an application for low income housing tax credits from the California Tax Credit Allocation Committee

(“CTCAC”) in July 2024, and a City commitment of funds prior to that date will significantly improve the Project’s competitiveness for such credits; and

WHEREAS, the City now desires to issue a construction loan in an amount not to exceed \$3,300,000, with the loan to be secured against the Property; and

WHEREAS, the Chula Vista Housing Authority (“Housing Authority”) will separately consider a resolution to commit \$700,000 in Low and Moderate Income Housing Asset Funds to the Project, bringing the total City and Housing Authority commitment to \$4,000,000; and

WHEREAS, 15% of the City’s annual HOME allocation must be allocated to organizations certified as Community Housing Development Organizations (“CHDOs”), in accordance with HOME set-aside requirements; and

WHEREAS, the City appropriated \$497,453.55 in HOME CHDO set-aside funds in the FY2023-24 Annual Action Plan and \$118,202.52 in HOME CHDO set-aside funds in the FY 2024-25 Annual Action Plan for affordable housing production; and

WHEREAS, an entity affiliated with Wakeland, Wakeland Opportunities for Affordable Housing (“WOAH”), is qualified to be a CHDO and serve as the managing general partner of the project, thereby fulfilling the City’s accumulated CHDO set-aside requirements for previous years and the 2024-25 Fiscal Year; and

WHEREAS, Article XXXIV of the California Constitution (Article 34) requires that voter approval be obtained before any “state public body” develops, constructs or acquires a “low rent housing project.” The City obtained voter approval on April 11, 1978 and subsequently on November 7, 2006 with the passage of Propositions C and F, respectively, which authorized the development, construction, and acquisition of housing for persons of low-income. With 96 total units in the proposed Project, there remains a balance of 937 units under the City’s current authority to facilitate these activities.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby approve a loan from its HOME and HOME-ARP funds to Wakeland Housing and Development Corporation, or an affiliated entity, in an amount not to exceed three million three hundred thousand dollars (\$3,300,000) for the construction of the Project, to be secured against the Property and repaid from cash surplus in annual installments; and

BE IT FURTHER RESOLVED by the City Council of the City of Chula Vista, that it authorizes the City Manager or her designee to negotiate and execute a loan agreement, regulatory agreement, and all associated loan documents, and carry out all other actions necessary for the development of the Project, consistent with the City’s standard documents as reviewed and approved in form by the City Attorney’s office, and, at minimum, subject to the following terms and conditions:

1. The loan shall be contingent upon subsequent completion of environmental review of the Project in accordance with California Environmental Quality Act (“CEQA”) Section 15004, to the extent necessary.
2. A final reservation of federal funds for the Project shall occur only upon satisfactory completion of the environmental review and receipt by the City of Chula Vista and a release of funds from the United States Department of Housing and Urban Development (“HUD”) under 24 CFR Part 58 of the National Environmental Policy Act (“NEPA”).
3. The City shall not disburse loan funds until Wakeland has secured all other necessary financing for the construction of the Project. The City’s funding commitment shall expire two years from the date of this resolution if the Project has not secured all necessary commitments of financing and undertaken the necessary steps to commence construction.
4. The loan will be evidenced by a promissory note in favor of the City of Chula Vista, secured by a deed of trust recorded against the Property.
5. The term of the City loan shall be fifty-five (55) years.
6. The loan shall accrue simple interest at the rate of three percent (3%) per annum.
7. Wakeland shall operate the Project consistent with a City regulatory agreement to be recorded against the Project and running with the land, along with any other covenants imposed by other Project lenders. The City regulatory agreement shall restrict at least thirty-three (33) units to extremely low-income households, at least forty-four (44) units to very low-income households, and at least eighteen (18) units to low-income households.
8. The City commitment of funds is based upon the assumptions presented within the development and operating budget and other information submitted in the RFP response, and represents a maximum contribution. Any substantive revisions in project financing that increase outside resources available to the Project may result in a reduced level of City assistance.

Presented by

Approved as to form by

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Stacey Kurz  
Director of Housing and Homeless Services

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Marco A. Verdugo  
City Attorney