

HOUSING AUTHORITY RESOLUTION NO. _____

RESOLUTION OF THE CHULA VISTA HOUSING AUTHORITY APPROVING A LOAN OF UP TO \$700,000 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; 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; AND APPROPRIATING FUNDS THEREFOR

WHEREAS, California Health and Safety Code ("HSC") Sections 33334.2, 33334.6, and 34176.1 authorize and direct the Chula Vista Housing Authority ("Housing Authority"), in its capacity as the Successor Housing Entity as defined in California Health and Safety Code Section 34176, to expend Low and Moderate Income Housing Asset Funds for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing available at an affordable rent to persons and families of low or moderate income; and

WHEREAS, pursuant to HSC Section 34176(d) the Housing Authority has established a Low and Moderate Income Housing Asset Fund (the "Housing Fund")

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 Permanent Supportive Housing ("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 Housing Authority now desires to issue a construction loan in an amount not to exceed seven hundred thousand dollars (\$700,000), with the loan to be secured against the Property; and

WHEREAS, the City will separately consider a resolution to commit three million three hundred thousand dollars (\$3,300,000) in City-controlled funds to the Project, bringing the total City and Housing Authority commitment to four million dollars (\$4,000,000); 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 Housing Authority, in its capacity as the Successor Housing Entity within the meaning of HSC Section 34176, that it does hereby authorize the appropriation of seven hundred thousand dollars (\$700,000) in Housing Fund funds to the Project for the purpose of production of affordable housing.

BE IT FURTHER RESOLVED by the Housing Authority, that it does hereby approve a loan from its Housing Fund to Wakeland Housing and Development Corporation, or an affiliated entity, in an amount not to exceed seven hundred thousand dollars (\$700,000) and appropriates such funds for the construction of the Project, to be secured against the Property and repaid from cash surplus in annual installments.

BE IT FURTHER RESOLVED by the Housing Authority, 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 Housing Authority shall not disburse loan funds until Wakeland has secured all other necessary financing for the construction of the Project. The Housing Authority’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 Housing Authority, secured by a deed of trust recorded against the Property.
5. The term of the Housing Authority 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 regulatory agreement to be recorded against the Project and running with the land, along with any other covenants imposed by other Project lenders. The Housing Authority 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 Housing Authority 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

Stacey Kurz
Director of Housing and Homeless Services

Marco A. Verdugo
City Attorney