

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

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING RESOLUTION NO. 2024-119 TO RESTRUCTURE A LOAN COMMITMENT TO WAKELAND HOUSING AND DEVELOPMENT CORPORATION, OR AN AFFILIATED ENTITY, FOR AN AFFORDABLE PROJECT TO BE LOCATED AT 610 PASEO DEL REY, TO ALLOW A PORTION OF FUNDS TO BE USED FOR PRE-DEVELOPMENT COSTS, AND MAKING OTHER CHANGES RELATED THERETO

WHEREAS, on June 11<sup>th</sup>, 2024, the City of Chula Vista (“City”) adopted Resolution No. 2024-119 approving a loan of up to three million three hundred thousand dollars (\$3,300,000) and the Chula Vista Housing Authority (“Housing Authority”) adopted Resolution No. 2024-005 approving a loan up to seven hundred thousand dollars (\$700,000), for a cumulative funding commitment of up to four million dollars (\$4,000,000), to Wakeland Housing and Development Corporation (“Wakeland”), or an affiliated entity, to assist in the construction of a ninety-six (96) unit affordable housing development to be located at 610 Paseo Del Rey (the “Project”), 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; and

WHEREAS, Resolution No. 2024-119 specifies the sources of the three million three hundred thousand dollars (\$3,300,000) of funds as HOME Investment Partnerships Program (“HOME”) and HOME Investment Partnerships Program American Rescue Plan (“HOME-ARP”) funds allocated to the City by the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, the City subsequently became aware that \$239,271.45 of the committed HOME funds must be disbursed on or before September 30, 2024, or they will be reclaimed by HUD; and

WHEREAS, the execution of loan documents and the disbursement of funds pursuant to Resolution No. 2024-119 was made contingent upon the Project attaining certain milestones, including completion of environmental review in accordance with 24 CFR Part 58 of the National Environmental Policy Act (“NEPA”), and having secured all other necessary financing for the construction of the Project;

WHEREAS, the Project will not be able to reach these milestones within the compressed time period for disbursement of the aforementioned portion of HOME funds; and

WHEREAS, Wakeland has incurred eligible pre-development costs that may be reimbursed prior to construction start under federal HOME and HOME-ARP regulations; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it amends Resolution No. 2024-119 as follows:

1. Up to five hundred thousand dollars (\$500,000) of the loan of HOME and HOME-ARP funds may be issued in the form of a pre-development loan, to be disbursed for eligible predevelopment expenses in advance of Wakeland securing all other necessary financing for the construction of the Project. In accordance with 24 CFR Part 58.35(b)(6), any pre-development loan funds issued to the Project shall only be applied to pre-development activities which do not have a physical impact on the environment. The pre-development loan shall be due and payable in full on or before June 11, 2028, four years from the date of first commitment of funds, unless converted to a construction and permanent financing loan as set forth below; provided, however, that the City, in its sole discretion, may waive repayment of the loan, in whole or in part, if there are impediments to Project development that the City determines are reasonably beyond the control of the borrower.
2. Upon satisfactory completion of environmental review of the Project under 24 CFR Part 58 of NEPA, and the securing of all other Project financing necessary to begin construction, the pre-development loan will be amended and converted to a fifty-five year construction and permanent financing loan in an amount not to exceed three million three hundred thousand dollars (\$3,300,000). Loan funds shall be secured against the Property and repaid from cash surplus in annual installments.
3. All other provisions of Resolution No. 2024-119 shall remain in full force and effect.

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