

TO: James App, City Manager
FROM: Ron Whisenand, Community Development Director
SUBJECT: San Luis Obispo Housing Trust Fund: Request for Grant for Operating Funds
DATE: May 18, 2010

NEEDS: For the City Council and Redevelopment Agency to consider a request from the San Luis Obispo County Housing Trust Fund (HTF) for a grant of \$7,500 to assist them with their operating funds for Calendar Year 2010.

- FACTS:
1. Attached is a letter from HTF, dated April 16, 2010, requesting a grant of \$7,500 to assist them with their operating funds for Calendar Year 2010. The letter includes supporting documentation of the services provided by HTF, their budget, and their organization.
 2. The Agency granted \$5,000 to HTF in 2009. Prior to that, the agency has made grants of \$5,000 (2006) and one grant of \$7,500 (2007).
 3. HTF provides technical assistance on affordable housing matters to local jurisdictions. In the previous fiscal years, Jerry Rioux, Executive Director, has participated in the Oak Park Redevelopment Concept Group and Uptown/Town Centre Specific Plans. Additionally, City staff has consulted with HTF on affordable housing issues relative to the update of the Housing Element.
 4. HTF also provides short-term financing (loans) for affordable housing projects in San Luis Obispo County. They recently approved a \$300,000 construction loan for Hidden Creek Village, the proposed 81 unit low income housing complex at 80 S. River Road.
 5. The City Attorney has advised that, since the HTF provides technical assistance, and potentially, future financial assistance to City affordable housing projects, Redevelopment Low and Moderate Income Housing (LMIH) funds may be used for the type of grant being requested.
 6. A summary of the status of the LMIH Fund, including projections of fund balances for the next 10 years is attached.
 7. The Redevelopment Plan provides that the Redevelopment Budget and any amendments thereto must be adopted by Ordinance of the City Council.

ANALYSIS AND

CONCLUSION: Policy H-1B of the Housing Element calls for the City to “cooperate with private housing developers, nonprofit housing sponsors and public agencies to promote and expand housing opportunities for all segments of the community...” HTF is a nonprofit sponsor.

The recently-adopted Economic Strategy calls for the City to “identify and evaluate alternatives to increase the labor force resident in the City” and to “increase intensifications, supply, and range of housing to attract and accommodate a skilled labor force”. As an implementation of

the Economic Strategy, the City has begun preparing the Uptown Specific Plan and Town Centre Master Plan, which will include efforts to increase the amount of housing that is affordable to low and moderate income households in these areas. HTF has knowledge and resources that should be valuable in assisting the City in this effort.

The 2010-2014 Redevelopment Implementation Plan establishes priorities for use of LMIH funds. Briefly, these priorities are as follows:

1. Promote the development of rental units throughout the City;
2. Preserve existing subsidized housing from conversion to market rate;
3. Provide assistance for rehabilitating existing housing;
4. Provide first-time homebuyer assistance.

The 2010-2014 Redevelopment Implementation Plan also states that there are numerous other eligible uses of LMIH funds for assisting affordable housing projects that may be pursued.

All other jurisdictions in the County have contributed funds to HTF's operations. Sources of funds used by those jurisdictions have included LMIH, General, and in-lieu fees from inclusionary housing ordinances.

Should the Agency decide to approve the requested assistance, a grant agreement will be required. The attached resolution provides that the Agency authorize the Agency Secretary (City Manager) to execute such an agreement.

REFERENCE: Housing Element; 2010-2014 Redevelopment Implementation Plan; 2006 Economic Strategy

FISCAL IMPACT: Should the Redevelopment Agency wish to contribute to HTF, eligible sources of funds would include LMIH and/or General funds.

Attached is an LMIH Fund Status sheet, which shows that there is capacity in the present and future fiscal years, even with a deduction of \$1.2 Million from the fund to make the State SERAF payment, for accommodating HTF's request for \$7,500.

OPTIONS: After consideration of all public testimony, that the Redevelopment Agency and City Council consider the following options:

Redevelopment Agency

- a. Adopt attached Resolution No. RA 10-XX approving a grant of \$7,500 in Redevelopment Low and Moderate Income Housing funds to the San Luis Obispo County Housing Trust Fund for their Calendar Year 2010 operating costs.
- b. Amend, modify, or reject the above options.

City Council

- a. Assuming that the Redevelopment Agency approves Option a or b, above, introduce for first reading Ordinance No. XXX N.S. amending Chapter 3.40 Revenue and Finance of

the Municipal Code to modify the Fiscal Year 2009/10 Budget for the Redevelopment Agency of the City of El Paso de Robles and set June 1, 2010, as the date for adoption of said Ordinance.

- b. Amend, modify, or reject the above option.

Prepared By: Ed Gallagher, City Planner

ATTACHMENTS:

1. Letter from Housing Trust Fund dated April 16, 2010 with enclosures
2. Resolution RA 10-XX
3. Grant Agreement
4. Ordinance XXX N.S.
5. LMIH Fund Status

April 16, 2010



Ed Gallagher
City of Paso Robles
Housing Division
1000 Spring Street
Paso Robles, CA 93446

Dear Mr. Gallagher,

Thank you for supporting the San Luis Obispo County Housing Trust Fund and participating on our loan committee. Support from the City of Paso Robles has enabled us to forge a public-partnership with local governments and businesses throughout our county to support affordable housing.

I am writing to ask the Paso Robles Redevelopment Agency to appropriate \$7,500 in housing set-aside funds to the Housing Trust Fund for fiscal year 2010-11. This request represents less than 3% of our annual operating budget. These funds can be budgeted as an administrative or planning expense for the agency. Please place me on the agenda for the next Project Area Committee meeting so that they can consider this request.

The Housing Trust Fund provides financing, technical assistance and advocacy to increase the supply of affordable housing for low and moderate income households throughout San Luis Obispo County. We have raised more than \$4 million in private funds for our revolving loan funds to date. In 2009, our loan funds also received a \$500,000 grant from the US Treasury.

Our revolving loan funds have provided \$4.25 million in financing to help create or preserve 180 units of permanently affordable housing in the county to date. We provided \$300,000 in 2009 to finance predevelopment costs (primarily architectural and engineering fees) for the Hidden Creek project in Paso Robles. We currently have \$1.3 million in below market financing available for affordable housing and anticipate that additional loan funds will be available later in the year.

Copies of our 2010 budgets, board of directors, loan committee, top contributors, sources of lending capital, lending history and other information are enclosed. Please let me know if you need additional information to support this request.

We look forward to continuing our work with you and in your community in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerry".

Gerald L. Rioux
Executive Director

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2010 Operating Budget

The Board of Directors of the San Luis Obispo County Housing Trust Fund adopts operating budgets for each calendar year. The 2010 Operating Budget is presented below. The 2009 Operating Budget is included for comparison. The 2010 Operating Budget was adopted on November 20, 2009.

	2010 Operating Budget		2009 Operating Budget	
	Budget	Percent of	Budget	Percent of
	Amounts	Total	Amounts	Total
Revenues				
Government Grants & Contracts				
Local	\$89,000	34.9%	\$105,500	44.9%
Contributions & Donations				
Foundations & Nonprofits	\$0	0.0%	\$10,000	4.3%
Corporations	\$35,000	13.7%	\$35,000	14.9%
Loan Fund Earnings				
Loan Interest Income	\$128,388	50.3%	\$70,243	29.9%
Interest on Deposits	\$2,612	1.0%	\$14,257	6.1%
Total Revenues	\$255,000	100.0%	\$235,000	100.0%
Expenses				
Personnel Expenses				
Salaries and Wages	\$111,914	43.9%	\$111,228	47.3%
Payroll Taxes & Employee Benefits	\$34,623	13.6%	\$33,056	14.1%
Professional Services	\$2,700	1.1%	\$2,100	0.9%
Legal and Accounting Services	\$18,100	7.1%	\$16,900	7.2%
Office Expenses				
Rent & Utilities	\$10,800	4.2%	\$6,900	2.9%
Communications (Phone/Internet)	\$1,640	0.6%	\$920	0.4%
Insurance	\$2,057	0.8%	\$2,057	0.9%
Postage & Printing	\$500	0.2%	\$1,175	0.5%
Supplies	\$600	0.2%	\$900	0.4%
Memberships, Dues & Subscriptions	\$265	0.1%	\$440	0.2%
Travel Expenses	\$1,476	0.6%	\$1,280	0.5%
Education & Training	\$600	0.2%	\$450	0.2%
Other Expenses	\$224	0.1%	\$527	0.2%
Loan Fund Expenses				
Interest Expenses	\$50,250	19.7%	\$42,085	17.9%
Loan Origination & Collection Costs	\$6,500	2.5%	\$3,232	1.4%
Operating Contingencies	\$12,750	5.0%	\$11,750	5.0%
Total Expenses	\$255,000	100.0%	\$235,000	100.0%



Board of Directors

The Board of Directors for the San Luis Obispo County Housing Trust Fund has six members. The names, offices and affiliations of the current Board members are:

Board Member and Office	Affiliation
R. Thomas “Tom” Jones, Chair	Dean, College of Architecture and Environmental Design, Cal Poly University
Rachel Richardson, Vice-Chair	Housing Coordinator, AIDS Support Network; Former Chair, San Luis Obispo Supportive Housing Consortium
Dick Willhoit, Treasurer	President, Estrella Associates, Inc. (developer and home builder)
Dr. Allen Haile, Secretary	Community & Government Relations Director (retired), Cal-Poly University; Member, San Luis Obispo County Economic Advisory Committee
Anita Robinson	President and CEO, Mission Community Bancorp
Dr. Julian Crocker	San Luis Obispo County Superintendent of Schools

Affiliations are provided for information only.

Rev 7-1-09



Housing Trust Fund Commission

The Commission serves as the loan committee for the San Luis Obispo County Housing Trust Fund. A majority of the Commissioners are appointed by local governments that provide financial support for the Housing Trust Fund. The current Commissioners and their appointing authorities are:

Commissioner	Appointing Authority	Position
Michael Codron	City of San Luis Obispo	Housing Program Manager
Ed Gallagher	City of Paso Robles	Housing Program Manager
Kelly Heffernon	City of Arroyo Grande	Associate Planner
Marianne Kennedy	SLO Supportive Housing Consortium	Executive Director, Women’s Shelter Project
Dana Lilley	County of San Luis Obispo	Housing and Economic Development Manager
Debbie Peterson	City of Grover Beach	City Council Member
John Stocksdales	City of Pismo Beach	Retired banker
Betty Winholtz	City of Morro Bay	City Council Member

Rev 9-11-2009

Additional information on the Commission is available online at www.sloctf.org/commission.htm.



Top Twenty Contributors

Since incorporating February 27, 2003, the San Luis Obispo County Housing Trust Fund (HTF) has received nearly \$1.8 million in grants, contributions and in-kind support from many different sources, including the County of San Luis Obispo, the US Treasury, every city in the county, the real estate and banking industries and others in our broad community.

The following table lists our 20 top contributors and the totals of their support to date.

Rank	Supporter	Grants
1	County of San Luis Obispo	\$522,700
2	CDFI Fund of the US Treasury	\$500,000
3	City of San Luis Obispo	\$150,200
4	California Association of Realtors	\$125,000
5	Bank of America	\$70,000
6	Community Action Partners (formerly EOC)	\$50,000
7	Union Bank of California	\$40,000
8	Rabobank ¹	\$35,550
9	City of Atascadero	\$35,000
10	City of Arroyo Grande	\$30,000
11	City of Grover Beach	\$30,000
12	City of Pismo Beach	\$27,000
13	Housing Authority of the City of San Luis Obispo (HASLO)	\$20,000
14	City of Paso Robles	\$17,500
15	San Luis Obispo County Community Foundation	\$15,200
16	Heritage Oaks Bank	\$12,721
17	US Bank (formerly Downey Savings)	\$12,000
18	United Way of San Luis Obispo County	\$11,913
19	Mission Community Bank ¹	\$11,750
20	Washington Mutual Bank	\$10,000

Rev 11-30-09

While these contributions primarily supported our operations, approximately \$700,000 was dedicated to our revolving loan funds.

In addition to receiving \$1.8 million in grants, the HTF has received more than \$3 million in private investments in our revolving loan funds. Our initial investments came from Mission Community Bank and Rabobank in the form of \$1 million revolving lines of credit. Rabobank also made it a CDFI tax credit investment. Catholic Healthcare West, which operates two local hospitals, has invested \$500,000. Foundations and religious communities have also invested in our loan funds.

¹ Rabobank and Mission Community Bank also provided below market investments in our revolving loan funds.



Sources of Lending Capital

The San Luis Obispo County Housing Trust Fund (HTF) is a Community Development Financial Institution (CDFI) that provides financing and technical assistance to increase the supply of affordable housing throughout our community.

The HTF currently has more than \$3 million in private lending capital available to finance affordable housing projects.¹ These funds come from a variety of sources including lines of credit from local banks, a California CDFI Tax Credit investment², the Sachs Foundation, five religious communities and investments from Catholic Healthcare West, which owns two local hospitals.

The HTF also has more than \$700,000 in a net assets that are dedicated for lending – a \$500,000 grant from the CDFI Fund of the U.S. Treasury, \$125,000 from the California Association of Realtors and \$76,264 in our George Moylan Affordable Housing Fund.³

Source of Loan Funds	Characteristics of Funds	Amount
Mission Community Bank	10 year revolving line of credit (2.25%)	\$1,000,000
Rabobank	10 year revolving line of credit (5%)	\$1,000,000
CDFI Fund of the U.S. Treasury	Grant	\$500,000
Catholic Healthcare West	5 year balloon payment loan (3%)	\$500,000
Erik & Hannah Sachs Foundation	5 year balloon payment loan (3%)	\$200,000
California Association of Realtors	Grants	\$125,000
Religious Communities Investment Fund	5 year balloon payment loan (3%)	\$125,000
Rabobank	5 year CDFI Tax Credit Investment (0%)	\$100,000
Seton Enablement Fund ⁴	5 year amortizing loan (3%)	\$100,000
George Moylan Affordable Housing Fund	Contributions	\$76,264
Adrian Dominican Sisters	5 year balloon payment loan (3%)	\$65,000
Sisters of St. Francis of Philadelphia	5 year balloon payment loan (3%)	\$50,000
Adrian Dominican Sisters	5 year balloon payment loan (2%)	\$35,000
Religious Communities Investment Fund	5 year balloon payment loan (3%)	\$25,000
SSM International Finance, Inc.	5 year balloon payment loan (2%)	\$25,000
Seton Enablement Fund ⁵	5 year amortizing loan (3%)	\$16,272
Current Lending Capital		\$3,942,536

Rev 2-12-10

¹ Funds are only drawn on the Mission Community Bank and Rabobank lines of credit as they are used for loans. A \$1 million guidance line from First Bank of San Luis Obispo is not listed. A \$180,000 investment from the Monarch Fund (administered by Calvert Foundation) and a \$35,000 investment from the Adrian Dominican Sisters have been fully repaid. A \$1 million commitment expired because the bank is having financial difficulty.

² More information is online at www.insurance.ca.gov/0250-insurers/0700-coin/cdfi-tax-credit-program.cfm.

³ The Moylan Fund was established in 2005 to honor one of our founding directors. Additional information is available online at www.sloctf.org/moylan-fund.htm.

⁴ The Seton Fund is a program of the Sisters of Charity of Cincinnati. This investment was approved but not yet funded.

⁵ This investment was originally \$50,000.



Loan Production

The following table summarizes the loan production of the San Luis Obispo County Housing Trust Fund through the end of 2009.

Borrower and Location of Project	Loan Amount	Number of Units Assisted ¹				Use of Funds
		Total	VLI	LI	S/N ²	
Family Care Network, Inc., Arroyo Grande	\$283,300	5	5	0	5	Acquisition of transitional housing for foster care youth.
San Luis Obispo Non-Profit Housing Corporation, Atascadero	\$700,000	19	6	13	6	New construction rental housing for seniors.
Habitat for Humanity, Atascadero	\$339,000	4	4	0	0	Site acquisition for new construction ownership housing.
Family Care Network, Inc., Atascadero	\$700,000	4	4	0	4	Acquisition of transitional housing for foster care youth.
Housing Authority of the City of San Luis Obispo (HASLO), Arroyo Grande	\$285,000	1	0	1	0	Preservation of affordable unit at risk of foreclosure. ³
Laurel Creek Apartments, LP, San Luis Obispo	\$350,000	24	8	16	24	Preservation of apartments for seniors and the disabled.
Village at Broad Street Family Housing, LP, San Luis Obispo	\$1,300,000	42	31	11	0	Land acquisition and predevelopment costs for family apartments.
Edna Islay Housing Corporation, Paso Robles	\$300,000	81	28	53	0	Predevelopment costs for new construction tax credit rental housing.
Totals	\$4,257,300	180	86	94	39	
Percentages		100%	48%	52%	22%	

Rev 12/31/09

¹ Very low income (VLI) units serve households that earn up to 50% of area median income; low income (LI) units serve households that earn between 51% and 80% of area median income; special needs (S/N) units serve households with special needs. Our current income limits are online at www.sloctf.org/files/income-limits.pdf. Our definition of households with special needs is online at www.sloctf.org/files/special-needs.pdf.

² Includes units that are fully accessible, but may not currently be occupied by individuals who are handicapped.

³ The unit is currently occupied by a low income household under a lease-purchase agreement.



Organizational Overview

The San Luis Obispo County Housing Trust Fund (the “HTF”) was created to increase the supply of affordable housing in one of the nation’s least affordable housing markets. Rather than build or operate housing, we provide financing, technical assistance (TA) and advocacy for affordable housing.

Since incorporating in 2003, we have raised well over \$1 million in operating funds and \$4 million for our revolving loan funds. We have been certified as a Community Development Financial Institution or CDFI by both the US Treasury and the State of California. We have provided more than \$4.25 million in financing to help create or preserve 180 units of affordable housing for very low and low income households. Our TA has also enabled a nonprofit corporation to purchase a 65-space mobile home park. Our advocacy led to the adoption of a balanced inclusionary housing program by the County of San Luis Obispo.

Introduction

San Luis Obispo is located on California’s central coast half way between Los Angeles and San Francisco. The City of San Luis Obispo has about 45,000 residents and the county population is about 270,000. Our local economy is based largely on tourism and agriculture. We are also home to a state university, prison and mental hospital. These three institutions plus the County of San Luis Obispo are our four largest employers.

The HTF is a nonprofit 501(c)(3) corporation. Our mission is to increase the supply of affordable housing throughout this county for very low, low and moderate income households, including households with special needs. We assist private developers, nonprofit corporations and government agencies to create and preserve affordable rental and ownership housing. Forty percent of our resources are committed for housing that serves households with special needs incomes. We also strive to create housing that will remain permanently affordable.

We evolved from years of planning and organizing by a broad-based coalition of health and human service providers, businesses and local governments. Members of the Supportive Housing Consortium started this effort because the lack of affordable housing severely impacted the health and quality of life of their clients. As housing costs increased, businesses joined the effort because they found it increasingly difficult to recruit and retain employees. Local governments joined the effort to help them to address the local housing crisis.

Problem

San Luis Obispo County is one of the least affordable housing markets in California and the United States. The National Association of Home Builders reported that this county was the third least affordable housing market in the nation for the fourth quarter of 2009 – only the New York City and San Francisco metropolitan areas were less affordable. The Census reported that a higher percentage of low income households paid more than half of their income for housing in San Luis Obispo County than in all but 24 of the 3,140 counties in the nation.

The local housing affordability crisis impacts nearly everyone who lives or works in this county. In a 2005 survey, 93% of the residents of the City of San Luis Obispo ranked the lack of affordable housing as a serious or very serious problem and 39% ranked the lack of affordable housing as the single most important problem that the city faces. Members of the local Chamber of Commerce have ranked the lack of affordable housing as the community’s top business problem for many years. In a recent survey, 87% reported that they had difficulty attracting or retaining employees due to the lack of affordable housing.

The local housing crisis has many consequences for individuals, families, businesses and our community as a whole. High housing costs leave many residents with insufficient money to pay for other necessities and limits opportunities for improving their lives. Employers face high turn over rates and staffing shortages. A number of local businesses have already been forced to leave the community or expand their operations in other areas of the state or nation.

Goals & Objectives

The HTF's mission is to increase the supply of affordable housing in San Luis Obispo County. We have operational goals for raising additional lending capital, increasing our net assets and becoming more self-sufficient each year. In addition, we aim to create and/or preserve 100 affordable homes each year through our lending and TA.

Strategy

While the recent economic crisis has reduced local home prices, housing remains far too expensive for most local residents and employees. One of the reasons for our tight and expensive housing market is slow growth policies, which restrict development within our region and much of California. Another factor is that the local building industry, nonprofit agencies and public sector are less familiar with new approaches to planning, designing and financing affordable housing than those in urban centers.

We provide short-term financing for affordable housing projects and TA to the owners and sponsors of these projects. Our loans help affordable housing projects move forward and improve their financial viability. Our TA helps private developers, nonprofit corporations and local governments identify new ways to create, preserve and finance affordable housing. We also use education and advocacy to influence local policies and bring financial resources into the community to support affordable housing.

Funding and Financial Sustainability

The County of San Luis Obispo provided a challenge grant to help implement the Housing Trust Fund in 2003. Among the groups that matched the County's grant were the local United Way, Community Foundation, Housing Authority, Community Action Agency and all seven cities in the county. Local governments continue to provide substantial financial support. Banks and the real estate industry have also been strong supporters. Each year, our interest and fee earnings cover a higher portion of our operating costs.

Our budget for 2010 is summarized below. Our earnings are budgeted to cover half of our operating expenses. We continue to seek grants and contributions from local government, businesses, individuals and others to cover the other half. Our goal is to continue reducing our dependence on grants and contributions by increasing our lending activities and earned income.

The sources and amounts of our lending capital are also summarized below. These funds are primarily loans or investments in our revolving loan funds. However, \$700,000 is equity – grants from the US Treasury and California Association of Realtors, and contributions from literally hundreds of individuals, firms and organizations to our George Moylan Affordable Housing Fund in the memory of one of our founding directors.

<u>Adopted 2010 Operating Budget</u>			<u>Sources of Lending Capital</u>	
Income			Rabobank	\$1,100,000
Government Grants	\$89,000	34.9%	Mission Community Bank	\$1,000,000
Private Contributions	\$35,000	13.7%	Catholic Healthcare West*	\$750,000
Interest & Fee Income	\$131,000	51.4%	Erich & Hannah Sachs Foundation	\$200,000
Total Income	<u>\$255,000</u>		Religious Communities	\$441,272
Expenses			CDFI Fund of the US Treasury**	\$500,000
Employee Salaries & Benefits	\$146,538	57.5%	California Association of Realtors**	\$125,000
Legal, Acct & Prof Services	\$20,800	8.2%	Moylan Fund**	<u>\$76,264</u>
Office Expenses	\$18,162	7.1%	Total Lending Capital	\$4,192,536
Interest & Loan Fund Expenses	\$56,750	22.3%		
Operating Contingencies	\$12,750	5.0%		
Total Expenses	<u>\$255,000</u>			

* Includes investments that have not yet funded.

** Grants and contributions.

For Additional Information Contact:

Gerald L. "Jerry" Rioux, Executive Director
 San Luis Obispo County Housing Trust Fund
 71 Zaca Lane, Suite 130, San Luis Obispo, CA 93401
 phone: (805) 543-5970; e-mail: jerry@sloctf.org; website: www.sloctf.org

RESOLUTION RA 10- XX

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF PASO ROBLES APPROVING A GRANT OF \$7,500 IN LOW
AND MODERATE INCOME HOUSING FUNDS FOR SERVICES PROVIDED
BY THE SAN LUIS OBISPO COUNTY HOUSING TRUST FUND

WHEREAS, the San Luis Obispo County Housing Trust Fund (HTF), a California nonprofit corporation, has submitted a request for a grant of \$7,500 to assist them with their operating funds for Calendar Year 2010; and

WHEREAS, HTF provides technical assistance on affordable housing matters to local jurisdictions and short term financing for affordable housing projects; and

WHEREAS, HTF has technical knowledge and financial resources that should be valuable in assisting the City pursue objectives set forth in the General Plan, the Economic Strategy, and the Redevelopment Implementation Plan; and

WHEREAS, Policy H-1B of the Housing Element calls for the City to “cooperate with private housing developers, nonprofit housing sponsors and public agencies to promote and expand housing opportunities for all segments of the community...”; and

WHEREAS, The 2006 Economic Strategy calls for the City to “identify and evaluate alternatives to increase the labor force resident in the City”; as an implementation of the Economic Strategy, the City has begun preparing a Workforce Housing Strategy to articulate the City’s vision for housing its workforce; technical assistance will be needed in this effort; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan establishes the following priorities for use of Low and Moderate Income Housing (LMIH) funds:

1. Promote the development of rental units throughout the City;
2. Preserve existing subsidized housing from conversion to market rate;
3. Provide assistance for rehabilitating existing housing; and
4. Provide first-time homebuyer assistance;

WHEREAS, the 2010-2014 Redevelopment Implementation Plan also states that there are numerous other eligible uses of LMIH funds for assisting affordable housing projects that may be pursued; and

NOW, THEREFORE, BE IT FOUND by the Paso Robles Redevelopment Agency that the services that can be provided by HTF in return for the requested grant would be consistent with and advance the policies and implementation/action items set forth in the 2004 Housing Element of the General Plan, the 2010-2014 Redevelopment Implementation Plan and the 2006 Economic Strategy;

NOW, THEREFORE, BE IT RESOLVED BY THE PASO ROBLES REDEVELOPMENT AGENCY to approve HTF’s request in the following form and subject to the following conditions:

1. A one-time grant of LMIH funds to help fund HTF’s expenses for Calendar Year 2010 in the amount of \$7,500;
2. HTF shall provide four quarterly reports to the Redevelopment Agency explaining the services provided to the Agency in return for the grant funds.

3. A Grant Agreement shall be prepared, subject to approval of Agency General Counsel, and executed to address the above-stated forms of assistance prior to disbursement or transfer of LMIH Funds for said purposes.
4. The Agency Secretary/City Manager is hereby authorized to execute the Grant Agreement on behalf of the Agency within the above conditions to account for refinements in the estimates of funds available.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Paso Robles this 18th day of May, 2010 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

John Hamon, Chairman

ATTEST:

James L. App, Agency Secretary

GRANT AGREEMENT

THIS GRANT AGREEMENT (this "Agreement") is made as of _____, 2010, between the SAN LUIS OBISPO COUNTY HOUSING TRUST FUND, a California nonprofit public benefit corporation ("Grantee"), and the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health & Safety Code Section 33000 et seq.) ("Grantor").

A. Purpose of this Agreement. Grantee provides technical assistance on affordable housing matters to local jurisdictions, including Grantor, and also provides short-term funding for affordable housing projects within the County of San Luis Obispo. Pursuant to Section 33334.2 of the California Health and Safety Code, Grantor has set aside 20% of tax increment revenues allocated to it to improve and increase the supply of affordable housing in the City of El Paso de Robles ("City"). Grantor desires to use a portion of these monies to make a grant to the Grantee to assist Grantee with its operating funds for calendar year 2010. In exchange for such grant, Grantee will provide certain technical assistance to Grantor on affordable housing matters within the jurisdiction of Grantor.

B. The Amended Redevelopment Plan and Redevelopment Implementation Plan. This Agreement is subject to the provisions of the Redevelopment Plan for the Paso Robles Redevelopment Project adopted on November 30, 1987, by Ordinance No. 540 N.S., as amended to date (the "Redevelopment Plan") as well as Grantor's five year redevelopment implementation plan adopted in accordance with California Health & Safety Code Section 33490 (the "Implementation Plan"). The Redevelopment Plan and the Implementation Plan, as they now exist and as they may be subsequently amended, are incorporated herein by reference and made a part hereof as though fully set forth herein.

THEREFORE, Grantee and Grantor agree as follows:

ARTICLE 1. GRANT

1.1. Grant. By and subject to the terms of this Agreement, Grantor agrees to make a grant to Grantee in the amount of SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$7,500) ("Grant"), to assist Grantee with its operating funds for calendar year 2010. The Grant shall be used by Grantee solely for payment of operating costs incurred by Grantee during the 2010 calendar year, and for no other purpose unless otherwise specifically approved by Grantor in writing.

1.2. Technical Assistance Services. In exchange for the Grant provided by Grantor pursuant to Section 1.1, above, Grantee shall provide certain technical assistance services to Grantor, including without limitation, assisting Grantor and the City with the development of its Workforce Housing Strategy; assisting the Housing Authority with plans for upgrading the Oak Park affordable housing project; providing financing and technical assistance to the Paso Robles Nonprofit Housing Corporation's projects; and assisting Grantor, the City and local housing

sponsors to secure state and/or federal funds for their affordable housing projects (collectively, the “Technical Services”).

1.3 Reporting. During the term of this Agreement, the Grantee shall submit quarterly progress reports to City describing the accomplishments of the Project, which shall consist of a narrative account of activities conducted supporting the technical services described in this Section 1.2 of this Agreement;

Quarters shall mean the following three-month periods: January 1 to March 31; April 1 to June 30; July 1 to September 30; and October 1 to December 31. Quarterly reports shall be submitted to the City no later than the thirtieth (30th) calendar day following the end of each quarter.

1.4. Effective Date. The effective date (“Effective Date”) of this Agreement shall be the date of execution of this Agreement by Grantor.

ARTICLE 2. DISBURSEMENTS

2.1 Disbursement. The Grant will be disbursed to Grantee on or about _____, 2010.

2.2. Disbursed Funds. The disbursement shall be applied by Grantee solely for the purposes for which the funds have been disbursed. Grantor is not obligated to monitor or determine Grantee's use or application of the disbursement.

ARTICLE 3. COVENANTS, REPRESENTATIONS AND WARRANTIES

Grantee makes the following covenants, representations and warranties which in all material respects are true and correct as of the Effective Date and continuing thereafter:

3.1. Authority. Grantee has complied with all laws and regulations concerning its organization, existence and transaction of business. Grantee has, or at all appropriate times shall have, properly obtained all permits and complied with all other applicable statutes, laws, regulations, codes and ordinances applicable to Grantee's operations.

3.2. Enforceability. Grantee is authorized to execute, deliver and perform under this Agreement and this Agreement is a valid, binding, and enforceable obligation of Grantee.

3.3. No Violation. Grantee’s undertakings in this Agreement do not violate any applicable statute, law, regulation, code or ordinance or any order or ruling of any court or governmental entity, or conflict with, or constitute a breach or default under, any agreement by which Grantee is bound or regulated. Grantee is not in violation of any statute, law, regulation, code or ordinance, or of any order of any court or governmental entity. There are no claims, actions or proceedings pending or, to Grantee’s knowledge, threatened against Grantee.

3.4. Accuracy. All reports, documents, instruments, information and forms of evidence delivered to Grantor by Grantee or at Grantee’s direction, concerning the Grant or required by this Agreement are accurate, correct and sufficiently complete to give Grantor true

and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission.

3.5. Obligation to Refrain from Discrimination. Grantee covenants and agrees for itself, its successors, its assigns and every successor in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of any property or in the provision of any Technical Services by Grantee hereunder, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, or vendees of any property or in the provision of any Technical Services by Grantee hereunder.

ARTICLE 4. EVENT OF DEFAULT

4.1. Default. The following shall constitute an event of default (hereinafter “Event of Default”) under this Agreement:

(a) There shall be a failure to comply with any term, obligation, covenant or condition contained herein or in this Agreement, provided, however, that Grantee shall not be in default if Grantee, after Grantor sends written notice demanding cure of such failure, (a) cures the failure within ten (10) days, or (b) if the cure requires more than ten (10) days, immediately commences to cure the failure and thereafter diligently prosecutes such cure to completion within thirty (30) days after giving notice of the default.

ARTICLE 5. MISCELLANEOUS PROVISIONS

5.1. Expenses. Grantee shall pay Grantor immediately upon demand all reasonable costs and expenses incurred by Grantor in connection with the enforcement or satisfaction by Grantor of any of Grantee's obligations under this Agreement.

5.2. Indemnity. Grantee hereby indemnifies Grantor, against, and holds Grantor, harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees) which Grantor may incur as a direct or indirect consequence of: (i) the making of the Grant, or (ii) any failure at any time of any of Grantee's representations or warranties to be true and correct in any material respect, or (iii) any act or omission by Grantee, any contractor, subcontractor or material supplier, engineer, architect or other person or entity with respect to any of the Technical Services provided by Grantee hereunder. Grantee shall pay immediately upon Grantor's demand any amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of interest which shall be the highest rate then allowed by law. The indemnity set forth herein shall not extend to losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses which Grantor, or any of them, incur to the extent that such are caused by any Grantor's gross negligence or willful misconduct.

5.3. Further Assurances. At Grantor's request and at Grantee's expense, Grantee shall execute, acknowledge and deliver any other instruments and perform any other acts necessary,

desirable or proper (as determined by Grantor) to carry out the purposes of this Agreement or to perfect and preserve any liens created by this Agreement.

5.4. Form of Documents. The form and substance of all documents, instruments, and forms of evidence to be delivered to Grantor under the terms of this Agreement shall be subject to Grantor's approval and shall not be modified, superseded or terminated in any respect without Grantor's prior written approval.

5.5. No Third Parties Benefited. No person other than Grantor and Grantee and their successors and assigns shall have any right of action under this Agreement.

5.6. Notices. All written notices and demands under this Agreement shall be deemed served upon delivery or, if mailed, upon the date shown on the delivery receipt (or the date on which delivery was refused as shown on the delivery receipt) after deposit in United States Postal Service certified mail, postage prepaid, return receipt requested, or after delivery or attempted delivery by an express delivery service, and addressed to the address of Grantee or Grantor appearing below. Notice of change of address may be given in the same manner.

Grantor's Address:

Redevelopment Agency of the City of
El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attn: City Planner

Grantee's Address:

San Luis Obispo Housing Trust Fund
4111 Broad Street, Suite A-4
San Luis Obispo, CA 93401
Attn: Gerald L. Rioux, Executive Director

5.7. Authority to File Notices. Grantee irrevocably appoints and authorizes Grantor, as Grantee's attorney-in-fact, which agency is coupled with an interest, to execute and/or record in Grantor's or Grantee's name any notices, instruments or documents that Grantor deems appropriate to protect Grantor's interests under this Agreement.

5.8. Actions. Following written notice to Grantee, Grantor may commence, appear in or defend any action or proceeding purporting to affect the this Agreement or any of the Technical Services to be provided by Grantee hereunder, or the rights, duties or liabilities of Grantee or Grantor under this Agreement. In exercising this right, Grantor may incur and pay costs and expenses including without limitation, attorneys' fees and court costs and Grantee agrees to pay all such expenses so incurred or paid with interest thereon from the date of such demand at the rate of interest which shall be the highest rate then allowed by law.

5.9. Relationship of Parties. The relationship of Grantee and Grantor under this Agreement is, and shall at all times remain, solely that of grantee and grantor. Grantor neither undertakes nor assumes any responsibility or duty to Grantee or to any third party with respect to the Grant or any Technical Services provided by Grantee hereunder, except as expressly provided in this Agreement. Nothing contained in this Agreement or in any other document or instrument made in connection with this Agreement shall be deemed or construed to create a

partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership by or between Grantor and Grantee. Grantor shall not be in any way responsible for the debts, losses, obligations or duties of Grantee.

5.10. Grantor's Delay. Grantor shall not be liable in any way for Grantor's failure to perform or delay in performing under this Agreement unless such failure or delay is the result of Grantor's gross negligence or willful misconduct, and Grantor may suspend or terminate all or any portion of Grantor's obligations under this Agreement if Grantor's delay or failure results directly or indirectly from, or is based upon, the action, inaction, or purported action, of any governmental or local authority, or any war (whether declared or not), rebellion, insurrection, strike, lock-out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Grantor deemed probable), or any act of God, or any other cause or event beyond Grantor's control.

5.11. Attorneys' Fees; Enforcement. If any attorney is engaged by Grantor to enforce, construe or defend any provision of any of this Agreement, or as a consequence of any Event of Default under this Agreement, with or without the filing of any legal action or proceeding, Grantee shall pay to Grantor, immediately upon demand, the amount of all attorneys' fees and costs incurred by Grantor in connection therewith, together with interest thereon from the date of such demand at the rate of interest which shall be the lower of the highest rate then allowed by law or 10%.

5.12. Assignment. Grantee shall not assign Grantee's interest under this Agreement, or in any monies due or to become due thereunder, without Grantor's prior written consent. Any assignment made without Grantor's consent shall be void. Grantee recognizes that this is not an ordinary grant and that Grantor would not make this grant except in reliance on Grantee's expertise and reputation and Grantor's knowledge of Grantee. Grantor is relying on Grantee's expertise and prior experience to provide the Technical Services set forth herein in accordance with the terms of this Agreement.

5.13. Severability. If any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Agreement and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been part of this Agreement.

5.14. Heirs, Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties; provided however, that this Section does not waive the provisions of Section 5.13.

5.15. Rights Cumulative, No Waiver. All Grantor's rights and remedies provided in this Agreement, granted by law or otherwise, are cumulative and may be exercised by Grantor at any time. Grantor's exercise of any right or remedy shall not constitute a cure of any Event of Default unless all sums then due and payable to Grantor under this Agreement are repaid and Grantee has cured all other Event of Defaults. No waiver shall be implied from any failure of Grantor to take, or any delay by Grantor in taking, action concerning any Event of Default or failure of condition under this Agreement, or from any previous waiver of any similar or

unrelated Event of Default or failure of condition. Any waiver or approval under this Agreement must be in writing and shall be limited to its specific terms.

5.16. Time. Time is of the essence of each term of this Agreement.

5.17. Headings. All headings appearing in any of this Agreement are for convenience only and shall be disregarded in construing this Agreement.

5.18. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Grantee and all persons and entities in any manner obligated to Grantor under this Agreement consent to the jurisdiction of any state court within the State of California having proper venue and also consent to service of process by any means authorized by California law.

5.19. Integration; Interpretation. This Agreement contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations. This Agreement shall not be modified except by written instrument executed by all parties. Any reference in any of this Agreement to the Technical Services shall include all or any of the Technical Services anticipated to be provided by Grantee hereunder.

5.20. Execution in Counterparts. This Agreement, and other Grant Documents which expressly so provide, may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which, taken together, will be deemed to be one and the same instrument.

5.21. Conflicts of Interest. No member, official or employee of Grantor shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. The Grantee warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

5.22. Nonliability of Grantor Officials and Employees. No member, official or employee of Grantor or the City shall be personally liable to the Grantee in the event of any default or breach by Grantor or for any amount which may become due to the Grantee or on any obligations under the terms of this Agreement.

5.23. Nonliability of Grantee Officials and Employees. No member, official or employee of the Grantee shall be personally liable to Grantor in the event of any default or breach by the Grantee or for any amount which may become due to Grantor or on any obligations under the terms of this Agreement.

[SIGNATURES ON THE NEXT PAGE]

Date: _____

REDEVELOPMENT AGENCY OF THE
CITY OF EL PASO DE ROBLES

Executive Director

“GRANTOR”

Approved As To Form:

Agency Counsel

Date: _____

SAN LUIS OBISPO COUNTY
HOUSING TRUST FUND

By: _____

Its: _____

“GRANTEE”

GRANT AGREEMENT

by and between

THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

and

SAN LUIS OBISPO COUNTY HOUSING TRUST FUND

ORDINANCE NO. _____ N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES
AMENDING CHAPTER 3.40 REVENUE AND FINANCE OF THE MUNICIPAL CODE
TO MODIFY THE FISCAL YEAR 2009/2010 BUDGET FOR THE
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

The City Council of the City of El Paso de Robles, State of California, does hereby ordain as follows:

SECTION 1. That a budget amendment, for the Redevelopment Low and Moderate Income Housing (LMIH) Fund, in the amounts, and for the purposes set forth below, for the Redevelopment Agency of the City of El Paso de Robles for the fiscal year commencing July 1, 2009 and ending June 30, 2010 is hereby approved and adopted for said fiscal year.

- a. \$7,500 as authorized by Redevelopment Agency Resolution RA 10-0XX and the Grant Agreement to be executed in accordance with said resolution, to be used for Calendar Year 2010 operating costs for the San Luis Obispo County Housing Trust Fund, budget account number 701-710-5235-211; in return for technical assistance to the City of Paso Robles in affordable housing matters; and

SECTION 2. That the budget amendment for expenditures as proposed shall be and become appropriated to the Agency for the respective objects and purposes therein set forth below, subject to expenditures pursuant to the provisions of all applicable statutes of this State.

SECTION 3. That the Agency hereby finds and determines:

- a. That the proposed budget amendment is for a Redevelopment activity consistent with California Health and Safety Code Section 33678 in that they are for carrying out the Redevelopment Project and related development activities, as defined in California Health and Safety Code Sections 33020 and 33021, and primarily benefit the Redevelopment Project.
- b. That the proposed budget amendment is for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing pursuant to California Health and Safety Code Section 33334.2.
- c. That none of the funds are to be used for the purposes of paying for employee or for contractual services for the City of El Paso de Robles or any other local government agency, except for such services which are directly related to Redevelopment activities as defined in California Health and Safety Code Sections 33020 and 33021 and the powers established in Community Redevelopment Law.

SECTION 4. That the appropriation and expenditure of funds shall be consistent with the terms as established by cooperative agreement between the Redevelopment Agency of the City of El Paso de Robles and the City of El Paso de Robles per Agency and City adopting implementing resolutions.

SECTION 5. Publication. The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in a newspaper of general circulation, printed, published and circulated in the City in accordance with Section 36933 of the Government Code.

SECTION 6. Effective date. This ordinance shall go into effect and be in full force and effect at 12:01 a.m. on the 31st day after its passage.

SECTION 7. Inconsistency. To the extent that the terms of provisions of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior City ordinance(s), motion, resolution, rule or regulation governing the same subject, the terms of this Ordinance shall prevail with respect to the subject matter thereof and such inconsistent and conflicting provisions of prior ordinances, motions, resolutions, rules and regulations are hereby repealed.

SECTION 8. Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is, for any reason, found to be invalid or unconstitutional, such finding shall not affect the remaining portion of this Ordinance.

The City Council hereby declares that it would have passed this ordinance by section, subsection, sentence, clause or phrase irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases are declared invalid or unconstitutional.

Introduced at a regular meeting of the City Council held on May 18, 2010, and passed and adopted by the City Council of the City of El Paso de Robles on the 1st day of June, 2010, by the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Lonnie Dolan, Deputy City Clerk

STATUS OF LMIH FUNDS

April 2010

Estimated Fund Balance and Commitments Through June 30, 2009

Activity	Amount	Notes
LMIH Fund balance as of 6/30/09	1,423,900	1

Commitments for Future Fiscal Years

Fiscal Year	Amount	Purpose	Notes
10	300,000	Payment on CalHFA Loan for Chet Dotter Senior Housing	2
11	300,000	Payment on CalHFA Loan for Chet Dotter Senior Housing	2
12	100,000	Hidden Creek Village	3

Notes:

1. Jim Throop's 11/17/09 email on FY 10 Encumbrances.
2. Approved via Ordinance 921 N.S. and Resolution RA 05-03.
3. \$100,000 per year over 10 years per Resolution RA 09-002. Assumes project is built.

All figures on this page are rounded to the nearest \$100.

Projections for the Next 10 Years (not including investment income)

Fiscal Year	Estimated Deposits into LMIH Fund *	Estimated Administrative Expense **	Commitments ***	Estimated LMIH Fund Balance
09				1,423,900
10	840,000	295,500	300,000	1,668,000
10	0	0	1,200,000	468,000
11	858,000	301,400	300,000	725,000
12	877,000	307,400	100,000	1,195,000
13	896,000	313,500	103,000	1,675,000
14	916,000	319,800	106,100	2,165,000
15	937,000	326,200	109,300	2,667,000
16	958,000	336,000	112,600	3,176,000
17	979,000	346,100	116,000	3,693,000
18	1,000,000	356,500	119,500	4,217,000
19	1,021,000	367,200	123,100	4,748,000
20	1,043,000	378,200	126,800	5,286,000
21	1,065,000	389,500	130,600	5,831,000

* Estimated Deposits thru FY 18 provided by Craig Hill on 05/08/09.

* Estimated Deposits in FY 19 and 20 provided by Ed Gallagher on 11/17/09.

** Estimated administrative expense begins with \$295,500 in FY10. (\$295,500 = \$349,500 Budgeted minus \$54,000 CDBG Admin Funds.) Subsequent fiscal years' amounts are adjusted by 2.0% through FY 15 and then by 3.0% to FY 20.

*** Payments to Hidden Creek Village in FYs 13-20 assume future values at a compounded interest rate of 3.0% SERAF Payment of \$1,200,000 in FY 10 is deducted but not "redeposited".