

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: April 19, 2011

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 2011.

FACTS:

1. Attached is a letter from HTF, dated February 14, 2011, requesting a grant of \$7,500 to assist them with their operating funds for Calendar Year 2011. The letter includes supporting documentation of the services provided by HTF, their budget, and their organization.
2. The Agency granted \$7,500 to HTF in 2010. Prior to that, the agency has made grants of \$5,000 (2006 and 2009) and \$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.

The attached LMIH Fund Status Report shows that it is expected that this fund will have an unencumbered balance of \$243,000 on July 1, 2011, and positive balances into the future. The LMIH Fund Status Report presently only shows existing commitments to Chet Dotter Senior Housing (\$300,000 in FY 10/11, which has already been paid) and to Hidden Creek Village (\$100,000 per year plus interest over 10 years). This Status report does not show "reservations" of LMIH funds made by the Agency to the Paso Robles Housing Authority (\$1.35 million to assist development of Phase One of the redevelopment of Oak Park Public Housing) and to Habitat for Humanity (\$270,000 to offset City fees for 6 single family homes for very low income households). These "reservations" can only ripen to "commitments" once the two applicants complete prerequisites set forth in the reservation resolutions. There appear to be sufficient LMIH funds for existing and these two expected future commitments.

At the time of preparation of this report, the future of Redevelopment is unknown. The Governor has proposed permanently eliminating all Redevelopment as part of the State's Fiscal Year 11/12 Budget. It has also been reported that the Legislature is considering appointing "successor" agencies for each county which will receive LMIH funds and distribute them to jurisdictions within each county in proportion to each jurisdiction's contribution. This report will proceed on the assumption that Redevelopment will either survive this attempt at dissolution or will still receive LMIH funds.

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, over several years as the \$1.4 Million borrowed from the fund in Fiscal Years 2010/11 and 2011/12 to make the State SERAF payment is redeposited, there is capacity 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 11-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 2011 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 2010/11 Budget for the Redevelopment Agency of the City of El Paso de Robles and set April 5, 2011, 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 February 14, 2011 with enclosures
2. Resolution RA 11-XX
3. Grant Agreement
4. Ordinance XXX N.S.
5. LMIH Fund Status



RECEIVED

FEB 15 2011

Engineering Division

February 14, 2011

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 the Housing Trust Fund to forge a strong public-partnership with local governments and businesses to support affordable housing throughout San Luis Obispo County. Projects that we helped finance included nearly 30% of all the housing starts in the entire county during 2010.

I am writing to ask the Paso Robles Redevelopment Agency to appropriate an additional \$7,500 in housing set-aside funds to support our operations in calendar year 2011. This request represents 2.5% of our annual operating budget. These funds can be budgeted as an administrative or planning expense for the Agency. Please place us on the agenda for the next available Agency meeting so that they can consider this request.

As you know, 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. Since incorporating in 2003, we have raised nearly \$6.3 million for our revolving loan funds. Until late 2009, these were all private funds and most were social or community investments. At that time, our loan funds had received less than \$200,000 in grants and contributions. In October 2009, we received our first award of a government grant for our loan fund. Now we have \$2.5 million in state and federal grant funds and commitments.

Since making our first loan in 2005, we have provided nearly \$6.2 million in financing to help create or preserve 214 units of affordable housing throughout the county. In 2009, we provided \$300,000 to finance predevelopment costs (primarily architectural and engineering fees) for the Hidden Creek Village project in Paso Robles. We increased this loan to \$800,000 in 2010 to help finance permits and fees so the project could break ground. This project has received 13% of our total lending to date.

We currently have more than \$2 million in below market financing available for new affordable housing projects and anticipate that additional loan funds will be available later in the year.

71 Zaca Lane, Suite 130, San Luis Obispo, CA 93401 ♦ (805) 543-5970 ♦ www.sloctf.org

Ed Gallagher
February 14, 2011
Page 2 of 2

Copies of our 2011 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 cursive script, appearing to read "Gerald Rioux".

Gerald L. Rioux
Executive Director

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2011 and 2010 Operating Budgets

The Board of Directors for the San Luis Obispo County Housing Trust Fund adopts operating budgets for each calendar year. The 2011 Operating Budget was adopted by the Board at its December 17, 2010 meeting. The adopted 2010 Budget is shown for comparison.

Income ¹	2011 Budget		2010 Budget	
	Income	Percent of Total	Income	Percent of Total
Government Grants	\$92,000	30.7%	\$89,000	34.9%
Private Contributions	\$35,000	11.7%	\$35,000	13.7%
Loan Fund Earning (Interest & Fees)	\$173,000	57.7%	\$131,000	51.4%
Total Income	\$300,000	100.0%	\$255,000	100.0%

Expenses	2011 Budget		2010 Budget	
	Expenses	Percent of Total	Expenses	Percent of Total
Salaries & Benefits	\$155,023	51.7%	\$146,538	57.5%
Legal, Accounting & Professional Services	\$42,500	14.2%	\$20,800	8.2%
Rent & Utilities	\$12,000	4.0%	\$10,800	4.2%
Operating Expenses	\$11,994	4.0%	\$7,362	2.9%
Loan Fund Expenses (Interest & Fees)	\$63,483	21.2%	\$56,750	22.3%
Operating Reserves	\$15,000	5.0%	\$12,750	5.0%
Total Expenses	\$300,000	100.0%	\$255,000	100.0%

12-22-10

¹ Income only includes grants and contributions to support our operations. It does not include grants and contributions to our loan funds, such as the CDFI Fund, CAR HAF or George Moylan Affordable Housing Fund.



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
Dr. Julian Crocker, Chair	San Luis Obispo County Superintendent of Schools
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
R. Thomas "Tom" Jones	Dean, College of Architecture and Environmental Design, Cal Poly University
Anita Robinson	President and CEO, Mission Community Bancorp

Affiliations are provided for information only.

Rev 5-21-10



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	Assistant City Manager
Ed Gallagher	City of Paso Robles	Housing Program Manager
Kelly Heffernon	City of Arroyo Grande	Associate Planner
Marianne Kennedy	Supportive Housing Consortium	Executive Director, Women's Shelter Project
George Leage	City of Morro Bay	City Council Member
Dana Lilley	County of San Luis Obispo	Housing and Economic Development Manager
Phyllis Molinar	City of Grover Beach	City Council Member
John Stocksdale	City of Pismo Beach	Retired banker

Rev 1-28-2011

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



Top Contributors

Since incorporating February 27, 2003, the San Luis Obispo County Housing Trust Fund (HTF) has received nearly \$4 million in grants and contributions to support our operations and revolving loan funds from many different sources, including the County of San Luis Obispo, every city in the county, the real estate and banking industries, State of California, US Treasury and others in our broad community.¹

The following table lists our 20 top contributors and the totals of their support to date. (Includes commitments that have not yet been received.)

Rank	Source of Loan Funds	Grants
1	California Department of Housing and Community Development ²	\$1,500,000
2	CDFI Fund of the US Treasury ²	1,000,000
3	County of San Luis Obispo	564,975
4	City of San Luis Obispo	180,200
5	California Association of Realtors ²	125,000
6	Bank of America	77,500
7	Community Action Partners (formerly EOC)	50,000
8	Rabobank ³	45,750
9	Union Bank of California	45,000
10	City of Atascadero	42,000
11	City of Arroyo Grande	35,000
12	City of Grover Beach	35,000
13	City of Pismo Beach	29,000
14	City of Paso Robles	25,000
15	Housing Authority of the City of San Luis Obispo (HASLO)	20,000
16	San Luis Obispo County Community Foundation	15,200
17	Heritage Oaks Bank ²	14,721
18	US Bank (formerly Downey Savings)	12,000
19	United Way of San Luis Obispo County	11,913
20	Mission Community Bank ³	11,750

Rev 1-24-11

¹ In addition to receiving these grants, the HTF has received more than \$3.5 million in private investments in our revolving loan funds, including \$1.1 million from Rabobank, \$1 million from Mission Community Bank and \$750,000 from Catholic Healthcare West.

² Grants of loan fund capital exclusively.

³ Grants for operating support as well as loan fund capital. Rabobank and Mission Community Bank are also major investors in our revolving loan funds.



Major Corporate & Foundation Contributors

The San Luis Obispo County Housing Trust Fund receives contributions and financial support from numerous sources including corporations, foundations and local governments. In addition, our earned income represents a substantial percentage of our total income.

The following table lists our ten largest corporate and foundation contributors for 2008 through 2010 and the amounts of their contributions. This table includes contributions to both our operating fund and our revolving loan funds.

Contributor/Supporters	2008	2009	2010	Combined
Bank of America	\$10,000	\$10,000	\$7,500	\$27,500
Rabobank	\$200	\$15,000	\$10,000	\$20,200
California Association of Realtors ¹	\$0	\$25,000	\$0	\$25,000
Union Bank of California	\$10,000	\$5,000	\$5,000	\$20,000
SLO County Community Foundation	\$10,000	\$0	\$0	\$10,000
US Bank (formerly Downey Savings)	\$4,000	\$5,000	\$0	\$9,000
Heritage Oaks Bank ¹	\$2,871	\$2,500	\$2,000	\$7,371
Erich and Hannah Sachs Foundation	\$0	\$0	\$5,000	\$5,000
First American Title Company ¹	\$1,200	\$0	\$0	\$1,200
WalMart ¹	\$0	\$0	\$750	\$750
Total Contributions	\$38,271	\$62,500	\$30,250	\$126,021

Rev 1-24-11

¹ Contribution were exclusively for 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 nearly \$6.3 million in revolving loan funds available to finance affordable housing projects.

The majority of our loan funds have historically been private investments. We currently have nearly \$3.5 million from a variety of sources including lines of credit from local banks, a California CDFI Tax Credit investment¹, the Sachs Foundation, five religious communities and investments from Catholic Healthcare West, which owns two local hospitals.²

Increasingly, the HTF has received grants and donations for our loan funds. We now have more than \$2.7 million in equity or net assets that are dedicated for lending. These include a \$1.5 million commitment from the State of California, \$1 million from the US Treasury, \$125,000 from the California Association of Realtors and nearly \$80,000 in our George Moylan Affordable Housing Fund.³

Loan Fund Investments	Term	Amount
Mission Community Bank	2.25% for 10 years	\$1,000,000
Rabobank	2.25% for 10 years	1,000,000
Catholic Healthcare West (two investments)	3% for 5 years	750,000
Seton Enablement Fund (three investments) ⁴	3% for 5 years	203,303
Erich and Hannah Sachs Foundation	3% for 5 years	200,000
Religious Communities Investment Fund (two investments)	3% for 5 years	150,000
Rabobank	0% for 5 years	100,000
Adrian Dominican Sisters	3% for 5 years	65,000
Sisters of St. Francis of Philadelphia	3% for 5 years	50,000
Adrian Dominican Sisters	2% for 5 years	35,000
Sisters of the Sorrowful Mother	2% for 5 years	25,000
Total Loan Fund Investments		\$3,578,303

Loan Fund Equity (Grants & Donations)	Amount	
State of California, Local Housing Trust Fund Matching Grant Program (LHTF) ⁵	\$1,500,000	
CDFI Fund of the US Treasury	1,000,000	
California Association of Realtors	125,000	
George Moylan Affordable Housing Fund	\$79,639	
Total Loan Fund Equity		\$2,704,639

Total Lending Capital

\$6,282,942

Rev 1/20/11

¹ More information on the CDFI tax credits is online at www.insurance.ca.gov/0250-insurers/0700-coin/cdfi-tax-credit-program.cfm.

² Funds are drawn on the Mission and Rabobank lines of credit as they are used for loans. A \$180,000 investment from the Monarch Fund (administered by the Calvert Foundation) and a \$35,000 investment from the Adrian Dominican Sisters have been fully repaid.

³ The Moylan Fund was established to honor one of our founding directors. More than 300 individuals, firms and organizations have contributed directly or indirectly to the Moylan Fund. For more info, go to www.slochtf.org/moylan-fund.htm.

⁴ These investments originally totaled \$250,000.

⁵ Awarded but not yet funded.



Loan Production

The following table summarizes the loan production of the San Luis Obispo County Housing Trust Fund through the end of 2010.

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 Corp., 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 owner-builder project.
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	2	Predevelopment costs and land acquisition for new family apartments.
Edna Islay Housing Corpora- tion, Paso Robles ⁴	\$800,000	81	28	53	5	Predevelopment costs and permit and fees for new family apartments.
Oak Leaf Homes, Peoples' Self-Help, Nipomo	\$1,400,000	34	4	30	0	Acquisition of finished lots for owner-builder project.
Women's Shelter Program, Grover Beach ⁵	\$720,000	4	4	0	4	Acquisition of transitional housing for domestic violence victims.
Totals	\$6,877,300	218	94	124	50	
Percentages		100%	43%	57%	23%	

Rev 12/28/10

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 be occupied by individuals who are handicapped.

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

⁴ Two separate approvals: \$300,000 in Nov. 2009 for predevelopment costs and \$500,000 in June 2010 for permits and fees.

⁵ Scheduled to close in early 2011.

RESOLUTION RA 11- 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 2011; 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 2011 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 19th day of April, 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Nick Gilman, Chairman

ATTEST:

James L. App, Agency Secretary

GRANT AGREEMENT

THIS GRANT AGREEMENT (this "Agreement") is made as of _____, 2011, 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 2011. 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 2011. The Grant shall be used by Grantee solely for payment of operating costs incurred by Grantee during the 2011 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 _____, 2011.

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
71 Zaca Lane, Suite 130
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 2010/2011 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 11-0XX and the Grant Agreement to be executed in accordance with said resolution, to be used for Calendar Year 2011 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 April 19, 2011, and passed and adopted by the City Council of the City of El Paso de Robles on the 3rd day of May, 2011, by the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

Estimated Fund Balance and Commitments Through June 30, 2011

Activity	Amount	Notes
LMIH Fund balance as of 6/30/10	38,000	1

Commitments for Future Fiscal Years

Fiscal Year	Amount	Purpose	Notes
11	300,000	Payment on CalHFA Loan for Chet Dotter Senior Housing	2
12	100,000	Hidden Creek Village	3
12	varies	SERAF	4

Notes:

1. As reported by Jim Throop on 03/23/11. Accounts for \$1,439,000 loaned from LMIH fund to make SERAF payments.
2. Approved via Ordinance 921 N.S. and Resolution RA 05-03. Payment has been made.
3. \$100,000 per year over 10 years with interest per Resolution RA 09-002. Project is under construction.
4. SERAF repayments to LMIH fund will be:
 - \$237,800 per year for FYs 12-16 to repay \$1,189,000.
 - \$50,000 per year for FYs 13-17 to repay \$250,000.

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

Fiscal Year	Estimated Deposits into LMIH Fund *	SERAF Repayment	Estimated Administrative Expense **	Commitments ***	Estimated LMIH Fund Balance
10					38,000
11	830,000		325,000	300,000	243,000
12	834,000	237,800	331,500	100,000	883,000
13	853,000	287,800	338,100	103,000	1,583,000
14	872,000	287,800	344,900	106,100	2,292,000
15	891,000	287,800	351,800	109,300	3,010,000
16	911,000	287,800	362,400	112,600	3,734,000
17	931,000	50,000	373,300	116,000	4,226,000
18	952,000		384,500	119,500	4,674,000
19	973,000		396,000	123,100	5,128,000
20	998,000		407,900	126,800	5,591,000
21	1,017,000		420,100	130,600	6,057,000

* Based on estimated deposits provided by Dave Schey of HdL on 02/25/11.

** Estimated administrative expense begins with \$325,900 in FY11. (\$325,900 = \$385,900 Budgeted minus \$60,000 CDBG Admin Funds.) Subsequent fiscal years' amounts are adjusted by 2.0% through FY 15 and then by 3.0% to FY 21.

*** Payments to Hidden Creek Village in FYs 13-20 assume future values at a compounded interest rate of 3.0%

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