

TO: James App, City Manager  
FROM: Ed Gallagher, Community Development Director  
SUBJECT: Oak Park Redevelopment: Request for Deferral of Development Impact Fees  
DATE: March 6, 2012

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Needs: For the City Council to consider a request related to the Redevelopment of Oak Park Public Housing to defer payment of Sewer and Water Connection Fees, Development Impact (AB 1600) Fees, and Building Permit Fees for Phase One of the Redevelopment of Oak Park.

Facts:

1. The request for a fee deferral was filed by the Housing Authority of the County of Monterey (HACM), on behalf of the Housing Authority of the City of Paso Robles. (Please see Attachment #1.)
2. The Redevelopment of Oak Park (“project”) proposes to build 302 new low income apartment units of which 148 units will replace existing and deteriorating units.
3. The development plan for the project, PD 10001, was approved by the City Council on June 1, 2010.
4. At its meeting of July 5, 2011, the Redevelopment Agency reserved up to \$2.17 million in Redevelopment Low and Moderate Income Housing (LMIH) funds to assist the project. These reservations are defined and conditioned in Resolution RA 11-005. (Please see Attachment #2.)
5. \$843,790 of the \$2.17 million in LMIH funds addressed by Resolution RA 11-005 were to be used to offset the City’s Water and Sewer Connection Fees, Development Impact (AB 1600) Fees, and Building Permit Fees. The Council also provided that payment of City fees (i.e. reimbursement of the City with LMIH funds) could be deferred.
6. AB 1X 26, which was enacted in 2011 to dissolve redevelopment agencies, provides that LMIH funds that were not encumbered via a contract must be surrendered to the State. Therefore, the \$2.17 million in LMIH Funds that were reserved to assist this project may no longer be available.
7. HACM’s current request for a fee deferral in the amount of \$1.018 million, would replace their prior request for \$2.17 million. It proposes that the deferral be evidenced by a loan agreement and note, and secured by

a deed of trust, and repaid with a term of 17 years and an annual interest rate of 3.25% simple, to be paid in annual installments using residual receipts from the Project. (Please see the bottom row on the third page of Attachment #1.)

8. SB 654 (Steinberg) and AB 1585 (Perez et al), which are currently progressing through the Legislature, propose to allow cities that succeed their redevelopment agencies to retain the ability to use LMIH funds to assist affordable housing projects.
9. The project was intended to be developed in phases. Phase One originally consisted of 69 units of which 39 units would replace existing units and 30 units would be new inventory. In order to prepare a competitive application for Federal Tax Credit financing, the applicants propose revising Phase One to build 80 units of which 40 would replace existing units and 40 units would be new inventory.
10. The City will not require the payment of fees for the 40 replacement units; fees will be due for the 40 replacement units.
11. HACM is filing an application for Federal Low Income Housing Tax Credits in March 2012. HACM has informed the City that a competitive application must include a component of financial support from the local government.
12. California Health and Safety Code Section 34516 provides that the City may do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of housing projects to be built and operated by a Housing Authority. In this regard the City is authorized to enter into leases or installment payment contracts without any limitation on the duration thereof for the purpose of aiding and cooperating with a housing authority in financing the construction of such housing projects.

Analysis and

Conclusion:

HACM has requested that the City defer, not waive, the fees for the 40 new units, in the amount of \$1.018 million. It proposes that “residual receipts” be the source of funds to repay the loan. The proforma on Page 3 of their letter (Attachment #1) shows that residual receipts are expected to average about \$160,000 per year.

Development Impact fees are adjusted annually on July 1 per the Engineering News Record index. Over the past 5 years, these fees have increased by an average compounded rate of 3.54%; over the past 9 years, the average compounded rate increased by 3.79%.

Resolution RA 11-005 provided that \$843,790 for City Fees would be deferred with a 16 year loan at an interest rate of 3.75% compounded annually. The intent of that interest rate was to implement the City's goal of fiscal neutrality. HACM has requested a rate of 3.25% simple interest.

A fully-amortized loan of \$1,018,000 at 3.75% compounded interest over 17 years with annual payments would have annual payments of about \$82,000 and a total payment of \$1.395 million over 17 years. This amount is well within the projected average annual amount of about \$160,000 in residual receipts. A 3.25% simple interest rate over the same time period, assuming that 1/17 principal is paid each year, would total \$1.316 million over 17 years, or about \$80,000 less than the compounded rate.

It is estimated that the total amount of City Fees for 40 new units will be nearly \$1.12 million if all were paid before July 1, 2012. If HACM is successful in obtaining Federal Tax Credits in May 2012, it would be required to obtain a building permit within 6 months. Construction could take 1.5 to 2 years.

If the project obtains an allocation of Federal Low Income Housing Tax Credits, it will be required to ensure that the units remain affordable to low income households for at least 30 years. It is recommended that a loan to secure the requested fee deferral require recordation of an Affordability Covenant for 30 years as well. Should California Community Redevelopment Law be amended to allow the City to use unencumbered Redevelopment Low and Moderate Income Housing Funds to be used to assist affordable housing projects, a minimum affordability period of 55 years would be required.

The requested deferral of fees raises a question about precedence. It may be that other affordable housing projects seek a similar form of assistance. Health and Safety Code Section 34516 authorizes the City to provide financial assistance to a housing authority. However, this section primarily addresses the relationship between two governmental agencies. The City could also provide financial assistance to a non-profit housing developer. Presently, the only other affordable housing project known to the City is Habitat for Humanity's five units at 2811 Vine Street.

If the State does not enact legislation to allow LMIH Funds to continue to be used to assist affordable housing projects, there may not be any other substantial governmental source. For 2012, Congress has significantly reduced the amount of Federal HOME funds, which have been used to complement LMIH Funds in the past. What helps mitigate the impact to public infrastructure posed by the deferment of City fees is the fact that the fees will be repaid with interest during the life of the 17 year loan.

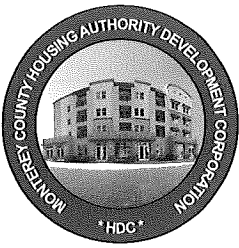
Reference: California Health and Safety Code Section 34516, 2011 Housing Element; 2006 Economic Strategy

Fiscal Impact: Building Permit and Water and Sewer Connection Fees are paid at the time of issuance of a building permit; Development Impact Fees are paid at the time of occupancy. The loan, with its interest payments, is set up to make the General Plan whole over a 17 year period.

- Options:
- a. That the City Council adopt attached Resolution 12-XXX to approve a deferral of City Sewer and Water Connection Fees, Development Impact (AB 1600) Fees, and Building Permit Fees for Phase One of the Redevelopment of Oak Park; said deferral to be evidenced by a loan agreement with a note, and secured by a deed of trust to be recorded against the Project, with repayment of the deferred fees over 17 years with a compounded annual average interest rate of 3.75%; the loan agreement shall be prepared by the City Attorney and executed by the Housing Authorities for the City of Paso Robles and County of Monterey.
  - b. That the City Council adopt attached Resolution 12-XXX to approve a deferral of City Sewer and Water Connection Fees, Development Impact (AB 1600) Fees, and Building Permit Fees for Phase One of the Redevelopment of Oak Park; said deferral to be evidenced by a loan agreement with a note, and secured by a deed of trust to be recorded against the Project, with repayment of the deferred fees over 17 years with a simple interest rate of 3.25%; the loan agreement shall be prepared by the City Attorney and executed by the Housing Authorities for the City of Paso Robles and County of Monterey.
  - c. Amend, modify, or reject the above options.

ATTACHMENTS:

1. Letter from HACM dated February 21, 2012
2. Resolution RA 11-005 Reserving LMIH Funds
3. Resolution Approving a Deferral of City Fees



Monterey County Housing Authority  
Development Corporation - HDC

February 21, 2011

Ed Gallagher  
City Planner  
1000 Spring Street  
Paso Robles, CA 93446

Dear Mr. Gallagher,

On July 6, 2010 the Paso Robles Redevelopment Agency passed Resolution No. RA 10-005, reserving up to \$1.325 Million in Redevelopment funds from the Low and Moderate Income Housing funds. On July 5, 2011, the Council approved an additional \$843,790 which brought the total reservation up to \$2.17 Million (Resolution No. RA 11-005). With the recent court ruling to eliminate RDAs, that commitment seems in jeopardy. We understand that previous obligations are subject to an "oversight" committee review and approval. Accordingly, we are unable to have a firm commitment from the City for these funds and are requesting an alternative funding resolution.

We would like to request an impact and processing fee deferral in accordance with Health and Safety Code 34516 which allows for special treatment for a Housing Authority development. This action will not set a precedent for other developers unless they are Housing Authority related. The total deferral of those fees are anticipated to be \$1,018,000.

As you consider our request, please note the following important aspects of moving this project forward made possible by granting this fee deferral:

- Removal of community health and safety issues such as permanent remediation of asbestos, lead, and aging infrastructure , elimination of safety issues associated with failing gas lines, and elimination of blight within the community
- This is a catalyst project identified in the City's Uptown Specific Plan and recently adopted Housing Element
- Significant reductions in available funding sources leave us few options to bring "public" funds to assist in our tie-breaker scoring. HOME funds have been cut by 38%.
- In as much as City seeks economic stimulus in this financially constrained time, this could be considered as "temporary economic consideration". This shovel ready project can immediately get into construction providing about 270 jobs (using federal formula

of \$93,000 investment per job and with our new phase I project budgeted at approximately \$25M.

- Our project “preserves” affordable housing as well as increases the affordable housing stock.
- USDA has committed \$3M to invest in our community, only 1 of 5 awards in the state, but that is subject to us getting deferred fees. We will be at jeopardy if we lose this City Commitment.
- Our equity partner will bring approximately \$18 million dollars to the local economy.

Our current project configuration is at 80 units and, with the insertion of the USDA funding, the project will be required to be a “net zero” energy consumption model. In order to accommodate that requirement, we will be coming back to City staff to request the use of solar mounted carports in order to meet this requirement. The total number of units to be demolished in this phase is 40.

We understand that a request to extend the Oak Park Redevelopment entitlements are not necessary at this time. We do request a commitment letter for our March TCAC round to defer impact and processing fees. We estimate those fees to be around \$1,018,000 million dollars and will commit to paying for them out of residual receipts. (See attached operating projections showing residual receipts available). USDA proscribes the calculation of these receipts. We are seeking a 17 year term at 3.25% simple interest. We appreciate the City’s consideration of our requests.

Sincerely,



Starla Warren  
President/CEO,  
Monterey County Housing  
Authority Development Corporation

**Paso Robles - Phase One - 80 Units**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Effective Gross Income		\$1,023,973	\$1,110,291	\$1,138,049	\$1,166,500	\$1,195,662	\$1,225,554	\$1,256,193	\$1,287,597	\$1,319,787	\$1,352,782	\$1,386,602	\$1,421,267	\$1,456,798	\$1,493,218	\$1,530,549
Operating Expenses Replacement Reserves		\$ 517,669	\$ 535,787	\$ 554,540	\$ 573,949	\$ 594,037	\$ 614,828	\$ 636,347	\$ 658,619	\$ 681,671	\$ 705,530	\$ 730,223	\$ 755,781	\$ 782,233	\$ 809,611	\$ 837,948
NOI		\$ 460,304	\$ 528,504	\$ 537,509	\$ 546,551	\$ 555,625	\$ 564,726	\$ 573,846	\$ 582,978	\$ 592,116	\$ 601,252	\$ 610,379	\$ 619,486	\$ 628,565	\$ 637,607	\$ 646,601
Debt																
Perm Loan - Tranche A		\$ 20,209	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643	\$ 34,643
Perm Loan - Tranche B		\$ 169,958	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356	\$ 291,356
USDA Loan		\$ 62,283	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770	\$ 106,770
Residual Receipts		\$ 207,854	\$ 95,735	\$ 104,740	\$ 113,782	\$ 122,856	\$ 131,957	\$ 141,077	\$ 150,209	\$ 159,347	\$ 168,483	\$ 177,610	\$ 186,717	\$ 195,796	\$ 204,838	\$ 213,832

**FUNDING SOURCES AND TIMING ASSUMPTIONS**

**Oak Park I+**

Source	Construction Period Amounts			Permanent Period Amount	Interest Rate	Amortization (no. of paymts)	Term (no. of years)	Payment Type (1=pay;2=defer;3=cashflow)	First Interest Date	First Principal Date	Non-Recourse? (1=Y; 0=N)
	50% Constr. Complete	100% Constr. Complete	through Perm Conversion								
<b>Equity</b>											
LP Equity Contribution - Total				15,466,971							
LP Equity Contribution - Paid at Close				-							
LP Equity Contribution - Business Tax Credits				439,356							
<b>Hard Debt</b>											
Perm. Loan - Taxable, TC Rents - A				445,105	6.750%	360	30	1	06/01/14	06/01/14	
Perm. Loan - Taxable, PBS8 Inc - B				2,787,217	6.500%	180	15	1	06/01/14	06/01/14	
Construction Drawdown Loan				-	5.500%	24	2	1	06/01/12	06/01/14	
USDA Loan - 514/516/521				3,000,000	1.000%	396	33	1	06/01/14	06/01/14	
<b>Soft Debt</b>											
City Funds				698,935	3.000%	660	55	3	06/01/12	06/01/14	
Seller Take Back Financing				2,085,000	3.000%	660	55	3	06/01/12	06/01/14	
Deferred Impact & Permit Processing Fees				1,018,000	3.000%	660	55	3	06/01/12	06/01/14	
City Funds (towards reserve)				237,065	3.000%						
<b>Other</b>											
Deferred Developer Fee				0	0.000%						
<b>Total Funding Sources</b>	15,079,929	23,876,954	24,852,236	26,177,650							
<b>Total Uses</b>	15,079,929	23,876,954	24,852,236	26,177,649							
Financing Surplus (Gap)				0							

**TIMING ASSUMPTIONS**

Item	Date	Tax Credit Equity Pay-Ins		Notes
		%	\$	
Partnership close	6/1/12	17.00%	2,629,385	
Construction start	6/1/12	0.00%	0	
Over the course of construction	12/1/12	0.00%	0	
Placed in service / Cert of Occupancy (100%)	12/1/13	0.00%	0	
n/a	2/1/14	0.00%	0	
Qualified Occup. Achieved / Stabil. Begins	3/1/14	0.00%	0	
Conversion - Stabil. Occup. (90/90, 60 days) & Cost Cert.	6/1/14	78.00%	12,064,237	
8609's and first year tax returns	6/1/14	5.00%	773,349	
<b>Total</b>		100.00%	15,466,971	

Tiebreaker Score 54.04%

23,423,258

**TAX CREDIT CALCULATIONS**

Eligible basis (from Dev'l Budg. page)		
Less all grant proceeds used to finance costs in eligible basis		
Less BVMR federal financing of costs in 9% eligible basis		
Less non-qualified non-recourse financing		
Less non-qualifying portion of higher quality units		
Less historic credit (residential portion only)		
Less eligible basis amount voluntarily excluded		
Total requested unadjusted eligible basis	5,377,284	
High cost area adjustment (QCT or DDA)		35,000,000
Adjusted eligible basis		35,000,000
Applicable fraction (min SF, unit ratio)	871	100.000%
Qualified basis		0%
Less credit reduction		
Adjusted qualified basis		
Annual potential credit	2012 Rate ("9%")	
Credit allocation limit		
Annual credit (lesser of potential or limit)		CTCAC max:
Total credit over 10 years		2,500,000
Limited partner share		99.9900%
Credit pricing assumption less credit adjustment		\$0.9500
State Credits		30%
		14,870,000



**NET OPERATING INCOME**

**Oak**

	Stabilized Permanent Period Begins														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Income</b>															
Rental Assistance Increment	368,244	348,106	386,886	396,559	406,472	416,634	427,050	437,726	448,670	459,886	471,383	483,168	495,247	507,628	
Non-public housing unit rents	767,136	725,183	786,314	826,122	846,775	867,944	889,643	911,884	934,681	958,048	981,999	1,006,549	1,031,713	1,057,505	
Total rents	1,135,380	1,073,289	1,192,859	1,222,680	1,253,247	1,284,578	1,316,693	1,349,610	1,383,350	1,417,934	1,453,382	1,489,717	1,526,960	1,565,134	
Less Residential Vacancy	-56,769	-53,664	-59,643	-61,134	-62,662	-64,229	-65,835	-67,481	-69,168	-70,897	-72,669	-74,486	-76,348	-78,257	
Misc. Income (interest on deposits, reserves)	4,600	4,348	4,833	4,954	5,078	5,204	5,335	5,468	5,605	5,745	5,888	6,036	6,186	6,341	
<b>Effective gross income</b>	<b>1,083,211</b>	<b>1,023,973</b>	<b>1,138,049</b>	<b>1,166,500</b>	<b>1,195,662</b>	<b>1,225,554</b>	<b>1,256,193</b>	<b>1,287,597</b>	<b>1,319,787</b>	<b>1,352,782</b>	<b>1,386,602</b>	<b>1,421,267</b>	<b>1,456,798</b>	<b>1,493,218</b>	
<b>Operating Expenses</b>															
Insurance - Workers Comp	8,234														
Insurance - Property & Liability	24,701														
Administrative - Audit	11,270														
Administrative - Marketing / Advertising	823														
Administrative - Telephone	3,757														
Administrative - Office Supplies	2,470														
Administrative - Office Supplies	1,647														
Administrative - Office Supplies	3,622														
Administrative - Health Insurance	20,196														
Administrative - Payroll Taxes	19,102														
Administrative - Legal	7,575														
Administrative - Office Rent	0														
Administrative - Computer Equipment	1,647														
Management - Fee	75,825														
Management - Site Manager Payroll	65,870														
Maintenance - Garbage	51,221														
Administrative - Training	1,670														
Utilities - Sewer	17,074														
Utilities - Water	12,806														
Utilities - Electricity, Gas	2,755														
n/a	0														
Mileage Reimbursement	329														
Administrative - Accounting Salaries	52,014														
Maintenance - Paint, Uniforms	2,470														
Maintenance - Payroll	50,489														
Maintenance - Grounds	31,289														
Maintenance - Materials / Supply	9,733														
Maintenance - Materials / Supply	6,587														
Maintenance - Pest Control	6,011														
Land Lease	0														
Maintenance - Fire Safety	2,441														
Internet, Service Amenities, Salaries	24,042														
<b>Operating expenses</b>	<b>517,669</b>	<b>535,787.3</b>	<b>554,540</b>	<b>573,949</b>	<b>594,037</b>	<b>614,828</b>	<b>636,347</b>	<b>658,619</b>	<b>681,671</b>	<b>705,530</b>	<b>730,223</b>	<b>755,781</b>	<b>782,233</b>	<b>809,611</b>	
<b>Other Expenses (Atypical Inflatiors)</b>															

**HARD DEBT**

0

	1 2014	2 2015	3 2016	4 2017	5 2018	6 2019	7 2020	8 2021	9 2022	10 2023	11 2024	12 2025	13 2026	14 2027	15 2028
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**Perm. Loan - Taxable, TC Rents - A**

Begin balance	445,105	442,377	437,444	432,166	426,522	420,484	414,026	407,118	399,730	391,827	383,373	374,331	364,660	354,315	343,343
Interest accrued	17,480	29,710	29,366	28,999	28,606	28,185	27,736	27,255	26,740	26,190	25,601	24,972	24,298	23,578	22,858
Interest paid	17,480	29,710	29,366	28,999	28,606	28,185	27,736	27,255	26,740	26,190	25,601	24,972	24,298	23,578	22,858
Principal paid	2,728	4,934	5,277	5,645	6,038	6,458	6,908	7,389	7,903	8,453	9,042	9,672	10,345	11,065	11,785
Total paid	20,209	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643	34,643
End balance	442,377	437,444	432,166	426,522	420,484	414,026	407,118	399,730	391,827	383,373	374,331	364,660	354,315	343,343	331,343

**Perm. Loan - Taxable, PBS8 Inc - B**

Begin balance	2,787,217	2,721,888	2,603,983	2,478,182	2,343,956	2,200,741	2,047,934	1,884,893	1,710,934	1,525,324	1,327,283	1,115,979	890,524	649,969	393,343
Interest accrued	104,628	173,451	165,555	157,130	148,140	138,549	128,315	117,396	105,746	93,315	80,052	65,901	50,801	34,691	17,343
Interest paid	104,628	173,451	165,555	157,130	148,140	138,549	128,315	117,396	105,746	93,315	80,052	65,901	50,801	34,691	17,343
Principal paid	65,330	117,905	125,801	134,226	143,215	152,807	163,041	173,960	185,610	198,041	211,304	225,455	240,554	256,665	273,343
Total paid	169,958	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356	291,356
End balance	2,721,888	2,603,983	2,478,182	2,343,956	2,200,741	2,047,934	1,884,893	1,710,934	1,525,324	1,327,283	1,115,979	890,524	649,969	393,343	119,343

**USDA Loan - 514/516/521**

Begin balance	3,000,000	2,955,105	2,877,531	2,799,178	2,720,038	2,640,102	2,559,364	2,477,814	2,395,445	2,312,249	2,228,217	2,143,341	2,057,612	1,971,021	1,883,561
Interest accrued	17,388	29,196	28,417	27,630	26,835	26,032	25,221	24,401	23,574	22,738	21,894	21,041	20,180	19,310	18,430
Interest paid	17,388	29,196	28,417	27,630	26,835	26,032	25,221	24,401	23,574	22,738	21,894	21,041	20,180	19,310	18,430
Principal paid	44,895	77,574	78,353	79,140	79,935	80,738	81,550	82,369	83,196	84,032	84,876	85,729	86,590	87,460	88,340
Total paid	62,283	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770	106,770
End balance	2,955,105	2,877,531	2,799,178	2,720,038	2,640,102	2,559,364	2,477,814	2,395,445	2,312,249	2,228,217	2,143,341	2,057,612	1,971,021	1,883,561	1,795,221

**DEVELOPMENT PROGRAM AND RENTS**

**Oak Park I+**

**RESIDENTIAL RENTAL UNITS**

Description	Tax Credit Unit?	Income Restr.	Oper. Subsidy Type	# Units	Rental Income to Project		TC Rent Gross	RA Inc. (yearly)	TC Rent Net	RA Inc. (yearly)	TC Rents (yearly)	
					Gross Rent	Utility Allow.						
2/1 Apartment - Mgrs	N	100%	N/A	1	0	0	0	-	0	-	0	
1/1 Apartment	Y	30%	PBS8	0	977	942	418	-	383	-	0	
2/1 Apartment	Y	30%	PBS8	4	1,190	1,142	502	33,024	454	33,024	21,792	
3/2 Apartment	Y	30%	PBS8	3	1,734	1,677	580	41,544	523	41,544	18,828	
4/2 Apartment	Y	30%	PBS8	1	1,784	1,716	648	13,632	580	13,632	6,960	
1/1 Apartment	Y	40%	PBS8	2	977	942	558	10,056	523	10,056	12,552	
2/1 Apartment	Y	40%	PBS8	7	1,190	1,142	670	43,680	622	43,680	52,248	
3/2 Apartment	Y	40%	PBS8	3	1,734	1,677	774	34,560	717	34,560	25,812	
4/2 Apartment	Y	40%	PBS8	0	1,784	1,716	864	-	796	-	0	
1/1 Apartment	Y	50%	PBS8	0	977	942	698	-	663	-	0	
2/1 Apartment	Y	50%	PBS8	6	1,190	1,142	837	25,416	789	25,416	56,808	
3/2 Apartment	Y	50%	PBS8	6	1,734	1,677	967	55,224	910	55,224	65,520	
4/2 Apartment	Y	50%	PBS8	0	1,784	1,716	1,080	-	1,012	-	0	
1/1 Apartment	Y	50%	USDA	3	977	942	698	-	663	-	0	
2/1 Apartment	Y	50%	USDA	11	1,190	1,142	837	10,044	663	10,044	23,868	
3/2 Apartment	Y	50%	USDA	5	1,734	1,677	837	46,596	789	46,596	104,148	
4/2 Apartment	Y	50%	USDA	1	1,784	1,677	967	46,020	910	46,020	54,600	
1/1 Apartment	Y	50%	N/A	1	698	663	1,080	8,448	1,012	8,448	12,144	
2/1 Apartment	Y	50%	N/A	2	837	789	698	-	663	-	7,956	
3/2 Apartment	Y	50%	N/A	1	967	910	837	-	789	-	18,936	
4/2 Apartment	Y	50%	N/A	0	1,080	1,012	967	-	910	-	10,920	
1/1 Apartment	Y	60%	N/A	2	817	782	1,080	-	1,012	-	0	
2/1 Apartment	Y	60%	N/A	13	1,005	957	817	-	782	-	18,768	
3/2 Apartment	Y	60%	N/A	8	1,161	1,104	1,005	-	957	-	149,292	
4/2 Apartment	Y	60%	N/A	0	1,296	1,228	1,161	-	1,104	-	105,984	
<b>Total All Residential Rental Units</b>					<b>80</b>	<b>1,135,380</b>	<b>94,615</b>	<b>814,680</b>	<b>368,244</b>	<b>767,136</b>	<b>368,244</b>	<b>767,136</b>
							<b>67,890</b>		<b>63,928</b>			

**UNIT BREAKDOWNS**

Type	# Units (% of total)	Annual Rents (% of Description)	Gross SF	Mo. Rent per GSF
Public housing	0 (0.0%)	office space	0	0 -
Project-Based Sect. 8	32 (40.0%)	office space	0	0 -
Tax credit housing	79 (98.8%)	Total	1,135,380	0
Total Affordable Housing	79 (98.8%)	Total	1,135,380	0
OBR	0 (0.0%)	RESIDENTIAL AMENITIES		

## RESOLUTION NO. RA 11-005

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES  
RESERVING REDEVELOPMENT LOW AND MODERATE INCOME HOUSING FUNDS TO  
ASSIST THE REDEVELOPMENT OF OAK PARK PUBLIC (LOW INCOME) HOUSING

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WHEREAS, at its meeting of June 1, 2010, the City Council of the City of El Paso de Robles (the "City Council") approved Planned Development (PD) 10-001 authorizing the redevelopment of Oak Park Public Housing to include the demolition of the existing 148 residential units and construction of 302 new low income units with a public park, community center, and offices (the "Project"); and

WHEREAS, the Housing Authority of the City of Paso Robles and the Housing Authority of the County of Monterey, who are co-applicants (the "Applicants") for the Project have indicated an intent to seek Federal Tax Credit financing for the project, which will require that occupancy of all 302 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2010, requesting that the Redevelopment Agency of the City of Paso Robles (the "Agency") grant up to \$1.325 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purposes of assisting with construction costs (\$450,000) and for offsetting \$875,000 of the estimated development impact fees for Phase One of the Project; and

WHEREAS, at its meeting of July 6, 2010, the Agency adopted Resolution 10-005 to reserve \$1.325 in LMIH funds to the applicants for a period of 6 months; and

WHEREAS, at its meeting of February 15, 2011, the Agency adopted Resolution 11-002 to grant an additional 6 months for the reservation of \$1.325 million in LMIH funds; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2011, requesting that the City of Paso Robles provide additional financial assistance to the Project by allowing a deferment of payment development impact and building permit fees for Phase One, which are now estimated to total \$843,790 and requesting that the Agency grant another 6 month time extension for the reservation of \$1.325 million in LMIH funds; and

WHEREAS the City deferred payment of fees for the Hidden Creek Village an affordable housing project, but subject to a loan of LMIH funds to its developer and a Fee Deferral Agreement between the City and the Agency; and

WHEREAS, the Agency has provided financial assistance with LMIH Funds to other low income housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies), and Hidden Creek Village (\$1.0 million to offset city building permit and development impact fees); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2011 Housing Element of the General Plan and the City's objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency's goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the "Affordability Covenant") to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Applicant's request, the Applicants have not yet obtained an allocation of Federal Tax Credit Financing, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. First Loan for \$1.325 Million.

Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$1.325 million in future LMIH Funds to be a loan to the Applicants for the purpose of assisting with construction costs for the Project, subject to the following conditions:

1. The form of financial assistance to the Project will be a loan, which may be structured as follows:
  - a. The principal amount shall be \$1.325 million, but the Applicants shall agree to apply for supplemental sources of financing, which may include an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and federal HOME funds, with the understanding that the principal amount shall be reduced in direct proportion to the amount of supplemental funds awarded to the Project;
  - b. The loan shall accrue interest at the rate of 3 percent simple;
  - c. Payments on the loan shall be deferred for a period of 55 years; if at the end of 55 years, the Project has continually been operated to restrict rent levels for all units to those affordable to lower income households, as defined by Health and Safety Code Section 50053, the principal amount of the loan shall be forgiven;
  - d. The loan shall be disbursed from the LMIH Fund to the City as follows:
    - (1) An initial payment of \$550,000 will be made upon issuance of a building permit for construction cost assistance;

- (2) A second payment of \$400,000 will be made on the second anniversary of the issuance of a building permit;
- (3) A third payment of \$425,000 will be made on the third anniversary of the issuance of a building permit.

SECTION 2. Second Loan for \$843,790.

Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$843,790 in future LMIH Funds to be a loan to the Applicants for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. The form of financial assistance to the Project will be a loan, which may be structured as follows:
  - a. The principal amount shall be set at the amount of building permit and development impact fees in effect at the time of issuance of a building permit for the project, acknowledging that certain fees are not due to be paid until the time of issuance of a Certificate of Occupancy. That amount is estimated to be \$843,790.
  - b. The loan shall accrue interest at the rate of 3.75 percent compounded.
  - c. Payments on the loan shall be deferred for a period of 16 years at which time a balloon payment of the principal amount of the loan and accrued interest shall be made. The applicant may pre-pay the loan at any time without penalty, subject only to the amount of interest that has accrued to the date of payment.
  - d. The loan shall be disbursed from the LMIH Fund to the City in ten (10) annual payments calculated so that the principal amount of deferred fees plus interest as described in subsection "b", above, shall be fully-amortized over a period of 10 years.
2. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 10 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.

SECTION 3. Conditions Common to Both Loans

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. Prior to distribution of any LMIH funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
3. As a prerequisite to obtaining the loans, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
4. The PA shall provide that the residents of the Project qualify as "Lower Income Households", as defined by Health and Safety Code Section 50079.5.
5. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of

the Project to levels affordable to "Lower Income Households", as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

SECTION 4. Resolutions RA 10-005 and RA 11-002 Superseded

Resolutions RA 10-005 and RA 11-002 are hereby superseded and repealed.

SECTION 5. Possible Changes in Redevelopment Law

In the event that the State of California enacts legislation that would eliminate Redevelopment Agencies or the ability to continue to provide LMIH funding for the Project, in the amounts cited in this resolution, the Agency has no obligation to provide alternative financial assistance to the Project.

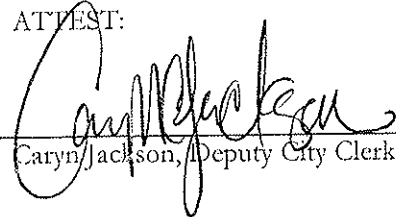
PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 5th day of July, 2011 by the following vote:

AYES: Steinbeck, Strong, Picanco, Hamon, Gilman  
NOES:  
ABSENT:  
ABSTAIN:



Nick Gilman, Chairman

ATTEST:

  
Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 12-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES APPROVING A  
DEFERRAL OF WATER CONNECTION, SEWER CONNECTION, DEVELOPMENT IMPACT, AND  
BUILDING PERMIT FEES TO ASSIST THE REDEVELOPMENT OF OAK PARK PUBLIC  
(LOW INCOME) HOUSING

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WHEREAS, at its meeting of June 1, 2010, the City Council of the City of El Paso de Robles (the “City Council”) approved Planned Development (PD) 10-001 authorizing the redevelopment of Oak Park Public Housing to include the demolition of the existing 148 residential units and construction of 302 new low income units with a public park, community center, and offices (the “Project”); and

WHEREAS, the Housing Authority of the City of Paso Robles and the Housing Authority of the County of Monterey, who are co-applicants (the “Applicants”) for the Project, have indicated an intent to seek Federal Low Income Housing Tax Credit financing for the Project, which will require that occupancy of all 302 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, the Applicants propose that “Phase One” of the Project provide for 80 dwelling units, of which 40 will be replacement units (for existing units) and 40 will be new units; and

WHEREAS, the Applicants have submitted a letter, dated February 21, 2012, requesting that the City of Paso Robles (the “City”) defer Water Connection, Sewer Connection, Development Impact, and Building Permit Fees (hereafter collectively referred to as “City Fees”) for the 40 new units in Phase One; and

WHEREAS, the deferral of City Fees would be evidenced by a loan agreement, with a note in the principal amount of \$1,018,000 to be paid over 17 years at an average annual compounded rate of 3.75% from residual receipts from the Project, and secured by a deed of trust to be recorded against the Project; and

WHEREAS the City has previously deferred payment of City Fees for Hidden Creek Village, an affordable housing project; and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2011 Housing Element of the General Plan and the City’s objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, it has been the City’s practice to require that any multi-family rental housing units for lower income households, as defined by Health and Safety Code Section 50079.5, that obtain financial assistance enter in to an affordability covenant (“Affordability Covenant”), to be recorded against the units, to ensure that the units remain available at affordable housing costs to lower income households for the longest feasible time, but not less than thirty (30) years; and

WHEREAS, the Applicants intend to apply for an allocation of Federal Low Income Housing Tax Credit Financing, and the City’s approval of the requested deferral of City Fees will enable the Applicants to submit a more competitive application;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Approval of Deferral of City Fees.

1. The City Council agrees to the deferral of City Fees for Phase One of the Project, to be paid over a period of up to 17 years from the date of issuance of a Building Permit for construction of dwelling units in Phase One of the Project subject to the terms and conditions described below, allowing dwelling units in Phase One of the Project to be occupied prior to full payment of said fees.



2. The deferral shall be provided in the form of a loan, which shall be structured as follows:
  - a. The principal amount shall be set at the amount of City Sewer Connection Fees, Water Connection Fees, Development Impact Fees, and Building Permit Fees in effect at the time of issuance of a Building Permit for Phase One of the Project, acknowledging that certain fees are not due to be paid until the time of issuance of a Certificate of Occupancy. That amount is estimated to be, and shall not exceed, \$1.018 million.
  - b. The loan shall accrue interest at the rate of 3.75 percent compounded annually.
  - c. The term of the loan shall be 17 years, which shall commence on the date of issuance of a building permit for construction of dwelling units in Phase One of the Project. Payments shall be made annually from residual receipts from the Project, to the extent residual receipts are available to make such payments; payments shall be credited first to interest, then to principal; the entire remaining unpaid balance of principal and accrued interest shall be due at the end of the 17-year term. The applicant may pre-pay the loan at any time without penalty, subject only to the amount of interest that has accrued to the date of payment.
3. Prior to issuance of a Building Permit for construction of dwelling units in Phase One of the Project, the Applicants shall enter into a Loan Agreement with the City, to be prepared by the City Attorney, which shall set forth the terms and conditions for the loan. The Loan Agreement shall include a promissory note to be executed by the Applicants, and a deed of trust and Affordability Covenant to be recorded against the Project.
4. The Loan Agreement shall provide, and the Affordability Covenant shall ensure, that the units shall be rented to “Lower Income Households”, as defined by Health and Safety Code Section 50079.5, whose incomes do not exceed sixty percent (60%) of Area Median Income, at an affordable rent, for a period of at least thirty (30) years.
5. As a condition to the loan:
  - a. Applicants shall submit to City evidence that full financing for construction of Phase One of the Project has been approved by the appropriate authorities for each source of financing.
  - b. Applicants shall execute and deliver the note, deed of trust and Affordability Covenant; and the deed of trust and Affordability Covenant shall be recorded against the Project.

SECTION 2.

The deferral of City Fees authorized by this resolution shall expire one year from the date set forth below, unless the Loan Agreement has been executed and construction of Phase One of the Project commenced.

PASSED AND ADOPTED by the City Council of the City of Paso Robles on this 6th day of March, 2012 by the following vote:

AYES:  
 NOES:  
 ABSENT:  
 ABSTAIN:

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Duane Picanco, Chairman

ATTEST:

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Caryn Jackson, Deputy City Clerk