

RESOLUTION NO. 12-122

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 PHASE TWO OF
OAK PARK PUBLIC (LOW INCOME) HOUSING

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 Two" of the Project provide for 69 dwelling units, of which 28 will be replacement units (for existing units) and 41 will be new units; and

WHEREAS, the Applicants have submitted a letter, dated June 29, 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 41 new units in Phase Two; and

WHEREAS, in said letter, the applicants requested that the deferral of City Fees would be subject to a loan, with a note in the principal amount of \$871,000 to be paid over 30 years at an average annual simple 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, via Resolution 12-031, the City Council has previously approved deferred payment of City Fees for Phase One of Oak Park Public Housing; 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 Two of the Project, to be paid over a period of up to 30 years from the date of issuance of a Building Permit for construction of dwelling units in Phase Two

of the Project subject to the terms and conditions described below, allowing dwelling units in Phase Two 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, \$871,000.
 - b. The loan shall accrue interest at an annual rate of 3.75 percent simple.
 - c. The term of the loan shall be 30 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 30-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 Two 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 Two 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.
6. Should state legislation be enacted that would allow the former Redevelopment Agency's Low and Moderate Income Housing (LMIH) Funds to be used to assist this project, said LMIH Funds will be used first, and the loan described in subsection 2 reduced to cover any shortfall between the available LMIH funds and the requested \$871,000. Additionally, should LMIH Funds be used in any amount, the period of the Affordability Covenant described in subsection 4 shall be extended to 55 years.

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 17th day of July, 2012 by the following vote:

AYES: Strong, Gilman, Hamon, Steinbeck, Picanco

NOES:

ABSENT:

ABSTAIN:

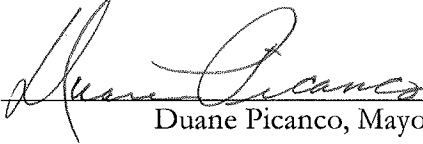
Duane Picanco, Mayor

ATTEST:

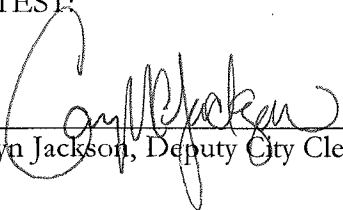
Caryn Jackson, Deputy City Clerk

PASSED AND ADOPTED by the City Council of the City of Paso Robles on this 17th day of July, 2012 by the following vote:

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



Duane Picanco, Mayor

ATTEST:


Caryn Jackson, Deputy City Clerk