



DATE: October 2, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department
Housing and Code Enforcement Division

SUBJECT: **ADOPTION OF A RESOLUTION AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR A MULTIFAMILY HOUSING PROGRAM LOAN IN AN AMOUNT NOT TO EXCEED \$3,000,000 FOR THE WEITZEL STREET APARTMENTS PROJECT**

SYNOPSIS

Staff recommends that the City Council authorize the submission of an application to the State of California Department of Housing and Community Development for a Multifamily Housing Program (MHP) loan in an amount not to exceed \$3,000,000 for the Weitzel Street Apartments Project; and authorize the City Manager to execute the required application forms, documents, and any amendments or modifications thereto.

BACKGROUND

The City Council approved a Memorandum of Understanding (MOU) with North County Solutions for Change (Solutions) to explore the development of an affordable multifamily housing project within Oceanside. The approximate one-acre City-owned parcel located along the 200 block of Weitzel Street was identified as the potential Project site. Council subsequently provided direction to staff to negotiate terms with Solutions for the development of the site. With limited Housing Funds, both the City and Solutions have explored various funding scenarios to bridge the funding gap necessary to bring the Project to fruition. Applying for a State HCD MHP loan is potentially one source of funding.

ANALYSIS

Through the MHP program, individual projects can apply for up to \$3,000,000 in financing to assist with the development or acquisition of rental housing projects. On September 20, 2013, the City received confirmation from HCD that it is an eligible sponsor to apply for a loan for the Weitzel Street Apartments Project. To initiate the loan application process, a resolution is required by the City Council. The short timeframe provided to complete this action requires that this item be prioritized and scheduled at the Council's earliest possible meeting.

FISCAL IMPACT

The City previously appropriated \$326,608 in HOME Community Housing Development Organization (CHDO) funds to Solutions for predevelopment expenses associated with the Project. Authorization to submit the MHP loan application does not commit the City to accepting the loan nor commit additional City Housing Funds to the Project. If successfully awarded, the terms of the loan will be reviewed by the City and Solutions prior to acceptance. A final Financing Plan for the Project will also be submitted as part of the Disposition and Development Agreement to be negotiated between the City and Solutions.

COMMISSION OR COMMITTEE REPORT

The Housing Commission will be provided with a Project update at its next regularly scheduled meeting.

CITY ATTORNEY'S ANALYSIS

The Resolution has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

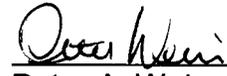
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PREPARED BY:



David L. Manley
Neighborhood Services Division Manager

SUBMITTED BY:



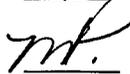
Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director





Attachment: MHP Loan Application Resolution

1 RESOLUTION NO.

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3 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
4 OCEANSIDE, AUTHORIZING THE SUBMISSION OF AN
5 APPLICATION TO THE STATE OF CALIFORNIA
6 DEPARTMENT OF HOUSING AND COMMUNITY
7 DEVELOPMENT FOR A MULTIFAMILY HOUSING
8 PROGRAM LOAN IN AN AMOUNT NOT TO EXCEED
9 \$3,000,000 FOR THE WEITZEL STREET APARTMENTS
10 PROJECT; AND AUTOHRIZATION FOR THE CITY MANAGER
11 TO EXECUTE THE REQUIRED APPLICATION FORMS,
12 DOCUMENTS, AND ANY AMENDMENTS OR
13 MODIFICATIONS THERETO

14 WHEREAS, the State of California, Department of Housing and Community
15 Development (HCD) has issued a Notice of Funding Availability (NOFA) under its
16 Multifamily Housing Program (MHP) dated May 22, 2013, and amended on August 15, 2013;
17 and

18 WHEREAS, the City of Oceanside (City), a California municipal corporation, is
19 authorized to do business in the State of California and is empowered to enter into an obligation
20 to receive State funds for the new construction or rehabilitation of a rental housing
21 development, or the conversion of a nonresidential structure to a rental housing development;
22 and

23 WHEREAS, the City wishes to obtain from HCD, a MHP Loan for the Weitzel Street
24 Apartments Project, a proposed 32-unit affordable rental housing development on a city-owned
25 parcel located along the 200 block of North Weitzel Street; and

26 WHEREAS, the City is an Eligible Sponsor under the MHP.

27 NOW THEREFORE, the City Council of the City of Oceanside does resolve as follows:

28 SECTION 1. The City is authorized to submit an application to borrow an amount not
to exceed \$3,000,000 (MHP Loan) pursuant to HCD's NOFA issued on May 22, 2013, and
amended on August 15, 2013, for the Weitzel Street Apartments Project.

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1 SECTION 2. If the application is approved, the City is hereby authorized to incur an
2 obligation for the MHP Loan. In connection with the MHP Loan, the City is authorized and
3 directed to enter into, execute, and deliver, a State of California Standard Agreement, and any
4 and all other documents required or deemed necessary or appropriate to carry into the effect the
5 full intent and purpose of the above resolution, in order to evidence the MPH Loan, the City's
6 obligations related thereto, and HCD's security therefor; including, but not limited to, a
7 Promissory Note, a Deed of Trust and Security Agreement, a Regulatory Agreement, a
8 Development Agreement, and certain other documents required by the HCD as security for,
9 evidence of or pertaining to the MHP Loan, and all amendments thereto (collectively, the
10 "MHP Loan Documents").

11 SECTION 3. The City is further authorized to request amendments, including increases
12 in amounts up to amounts approved by HCD, and to execute any and all documents required by
13 HCD to govern and secure these amendments.

14 SECTION 4. The City Manager of the City of Oceanside is hereby authorized to
15 execute an application for a MHP loan, the MHP loan documents, and any amendment or
16 modifications thereto, on behalf of the City.

17 SECTION 5. This Resolution shall take effect immediately upon its adoption.

18 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
19 this _____ day of _____, 2013, by the following vote:

- 20 AYES:
- 21 NAYS:
- 22 ABSENT:
- 23 ABSTAIN:

24 MAYOR OF THE CITY OF OCEANSIDE

26 ATTEST:

APPROVED AS TO FORM:

27 _____
28 City Clerk



City Attorney