



Meeting Date: July 24, 2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Richard R. Bryan BP (for) Agenda Item No. I-5
 Reviewed By: City Manager JRB City Attorney Holmberg Finance SW Other (Specify) _____

DATE: July 16, 2007

TO: City Council
Community Development Commission

FROM: Sal Gonzalez, Housing Director
Housing Department *[Signature]*

Curtis P. Cannon, Community Development Director
Community Development Department *[Signature: Brian D. Rendell (for)]*

SUBJECT: **City and Community Development Commission \$4.9 Million Dollars Funding For a 140 Unit Rental Project consisting of the Paseo Santa Clara and Paseo del Rio components for Extremely and Very Low Income Households in the RiverPark Development Located Adjacent to and North of the Highway 101 Freeway, Adjacent to and East of the Santa Clara River, and West of Vineyard Avenue**

RECOMMENDATION

1. That City Council:
 - a) Transfer previously appropriated funds in the amount of \$2.2 million from Paseo del Rio to Paseo Santa Clara.
 - b) Approve in substance a \$2.2 Loan Agreement and related documents with the Cabrillo Economic Development Corporation (CEDC) (A-5965) for the 54 unit Paseo Santa Clara project component.
 - c) Authorize the Mayor to execute the Loan Agreement and related documents upon the approval as to form by the City Attorney.
 - d) Authorize the City Manager to execute such instructions and documents as are necessary and appropriate to implement the transaction.

2. That Community Development Commission (CDC):
 - a) Appropriate funds to Paseo del Rio from Housing-Set-Aside funds in the amount of \$1,050,000, and CDC In-Lieu Fees in the amount of \$650,000 and recommend to transfer \$1 million of previously appropriated 25% Home Match funds to Paseo del Rio.

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- b) Approve in substance a \$2.7 Loan Agreement and related documents with the Cabrillo Economic Development Corporation (CEDC) (A-5965) for the 86 unit Paseo del Rio project component.
- c) Authorize the Chairman to execute the Loan Agreement and related documents upon the approval as to form by the General Counsel.
- d) Authorize the Executive Director to execute such instructions and documents as are necessary and appropriate to implement the transaction.

DISCUSSION

RiverPark is a 700 acre mixed use community located in the northwest portion of the City and adjacent to and north of the 101 Freeway. Existing project entitlements include a Specific Plan and the development is subject to an Owner Participation Agreement (OPA) and two amendments thereto, between the Community Development Commission (CDC) and RiverPark A and a Development Agreement and one amendment thereto, between the City and RiverPark A and B . The Specific Plan has 13 Planning Areas. The proposed project is in Planning Area F (Attachment #1) and will be constructed on Lot 19, Tract 5352-1 (Attachment #2).

In accordance with the OPA, the RiverPark developers are responsible for the development of 392 affordable housing units consisting of 140 rental units for extremely and very low income households, and 252 for-sale units (140 units for low income households and 112 units for moderate income households).

The RiverPark developers selected CEDC to develop the 140 rental units for extremely and very low income households. On June 29, 2007 CEDC received title to Lot 19 and assumed the obligation to develop the 140 unit project. This is the only affordable rental housing project in the RiverPark development.

For financing purposes, the 140 unit project is being developed in two components. The Paseo Santa Clara component consists of a total of 54 units comprised of 19 extremely low income households (30% of median income), 34 very low income household units (50% of medium income) and 1 manager unit (Attachment #3). The Paseo del Rio component consists of a total of 86 units comprised of 32 extremely low income households (30% of median income), 53 very low income household units (50% of medium income) and 1 manager unit (Attachment #3).

The City has available funds to make the requested \$2.2 million loan to Paseo Santa Clara. The CDC has available funds to make the requested \$2.7 million loan to Paseo del Rio. The source of City and CDC funds consists of:

City-54 Unit Paseo Santa Clara		
State HCD Trust Fund Grant		\$1,000,000
City Affordable Rental Housing Trust Fund Match		1,200,000
	Subtotal	\$2,200,000
CDC -86 Units Paseo del Rio		
CDC 25% Home Funds Match		\$1,000,000
CDC Housing Set-aside		1,050,000
CDC In-lieu Fees		650,000
	Subtotal	\$2,700,000
	Total	\$4,900,000
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Rental projects for the extremely and very low income households are some of the most difficult affordable housing developments to finance. It is not uncommon for these projects to employ nine or ten public and private lenders. The limited amount of available funding creates very competitive funding application processes. One of the funding sources secured involved 28 projects applying for approximately \$150 million dollars of funding when there was only \$30 million dollars of funding available

The current budget appropriation requests differ from the \$4.9 million dollar funding commitments made by the City and CDC on March 27, 2007 and the \$2.2 million dollars of City funds appropriated December 6, 2006. The \$4.9 funding commitments were necessary for the project to qualify to apply for necessary funding sources. It consisted of a City \$2.2 million dollar commitment for the 86 unit Paseo del Rio project component and a CDC \$2.7 million dollar commitment for the 54 unit Paseo Santa Clara project component.

Since these funds were committed and appropriated the project has gone through many changes in response to other lender requirements and the City design review process. Original sources and uses of funds were based on construction cost estimates which were taken from conceptual plans. Current costs estimates are based on more detailed plans for construction document approvals. These newer cost estimates show that the cost to construct Paseo Santa Clara has decreased while the cost to construct Paseo Del Rio has increased. The tax credit investors are paying more dollars per credit on Paseo Santa Clara than they are for Paseo Del Rio leaving a shortfall on Paseo Del Rio. Therefore it is recommended that the \$2.2 million dollars appropriation from Paseo del Rio be reallocated to Paseo Santa Clara and the \$2.7 million commitment from Paseo Santa Clara be reallocated to Paseo Del Rio.

In order for these projects to be economically feasible it is necessary that they apply for and receive Federal Low Income Housing Tax Credits (FLIHTC). Tax credits rents may be slightly higher than rents set for the same qualifying income group under the California Health and Safety Code. This is not unusual due to the inconsistencies in public funding requirements.

The basic terms of the requested loans are a 55 year loan term, 4% interest rate and repayment of the loan amounts from residual rental income funds. The proposed loan agreements and related documents substantially conform to the OPA and DA, and implementing documents approved by the City and CDC. The security for the City and CDC loans will be subordinate to CEDC construction and permanent financing lenders.

The recommended financing package will mean that:

1. The total \$4,900,000 in funding satisfies the CDC funding obligations (for very low income housing) set forth in the First and Second Amended OPA.
2. No other demands by developer or CEDC can be made upon the \$1,000,000 of State HCD Trust Fund Grant. The State HCD Trust Fund Grant has a current balance of \$1,000,000.
- e) No other demands by developer or CEDC can be made upon the \$1,200,000 of City Affordable Rental Housing Trust Fund Match. The Affordable Rental Housing Trust Fund Match has a current balance of \$1,200,000.

4. No other demands by developer or CEDC can be made upon the \$1,000,000 of the CDC's 25% Home Funds Match. The CDC's 25% Home Funds Match has a current balance of \$1.5 million.
5. No other demands by developer or CEDC can be made upon the \$1,050,000 of the CDC's Housing Set Aside Fund. The CDC's Housing Set Aside Fund has a current balance of \$1.7 million.
6. No other demands by developer or CEDC can be made upon the \$650,000 of the CDC's In-lieu Fees Fund. The CDC's In-lieu Fees Fund has a current balance of \$935,776.

FINANCIAL IMPACT

The City has available funds to make the requested \$2.2 million loan to Paseo Santa Clara. The CDC has available funds to make the requested \$2.7 million loan to Paseo del Rio. The source of City and CDC funds consists of:

City-54 Unit Paseo Santa Clara

The special budget appropriation will transfer previously appropriated funds in the amount of \$2.2 million from the Paseo del Rio Project (#775156) to the Paseo Santa Clara Project (#775156). The appropriation includes \$1.0 million from the State HCD Trust Fund Grant and \$1.2 million from the City Affordable Rental Housing Trust Fund Match.

CDC -86 Unit Paseo del Rio

The special budget appropriation will appropriate funds to the Paseo del Rio Project (#045102) from the Housing Set-aside funds in the amount \$1,050,000, CDC In-lieu Fees in the amount of \$650,000 and CDC 25% Home Funds Match (009902) in the amount of \$1,000,000.

- Attachment #1 - Land Use Plan: Permitted Uses
#2 - Vicinity Map
#3 - Site Plan
#4 - Paseo Santa Clara Loan Agreement (A-5965)
#5 - Paseo Santa Clara Covenant Agreement (A-5965)
#6 - Paseo Santa Clara Subordination Agreement (A-5965)
#7 - Paseo Santa Clara Grant Deed (A-5965)
#8 - Paseo Santa Clara Trust Deed (A-5965)
#9 - Paseo Santa Clara Promissory Note (A-5965)
#10 - Paseo Santa Clara Estoppel Certificate (A-5965)
#11 - Paseo Santa Clara UCC-1 (A-5965)
#12 - Paseo Santa Clara Environmental Indemnity (A-5965)
#13 - Paseo del Rio Loan Agreement (A-5965)
#14 - Paseo del Rio Covenant Agreement (A-5965)
#15 - Paseo del Rio Subordination Agreement (A-5965)
#16 - Paseo del Rio Grant Deed (A-5965)
#17 - Paseo del Rio Trust Deed (A-5965)
#18 - Paseo del Rio Promissory Note (A-5965)
#19 - Paseo del Rio Estoppel Certificate (A-5965)

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- #20 - Paseo del Rio UCC-1 (A-5965)
- #21 - Paseo del Rio Environmental Indemnity (A-5965)
- #22 – Paseo Santa Clara Request For Special Budget Appropriation (A-5965)
- #23 – Paseo del Rio City of Oxnard Request For Special Budget Appropriation
(A-5965)

Note: Drafts of the Paseo Santa Clara Loan Agreement, Covenant Agreement, Subordination Agreement, Grant Deed, Trust Deed, Promissory Note, Estoppel Certificate, UCC-1, and Environmental Indemnity together with the Paseo del Rio Loan Agreement, Covenant Agreement, Subordination Agreement, Grant Deed, Trust Deed, Promissory Note, Estoppel Certificate, UCC-1, and Environmental Indemnity have provided the City Council and CDC. Copies are available for review at the Circulation Desk of the Library after 6:00 p.m. on the Thursday prior to the Council and CDC meeting and at the Clerk's office after 8:00 a.m. on Friday.

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RIVERPARK LAND USE PLAN:
 PERMITTED USES
 Land Use Plan Date: February 14, 2002

Legend

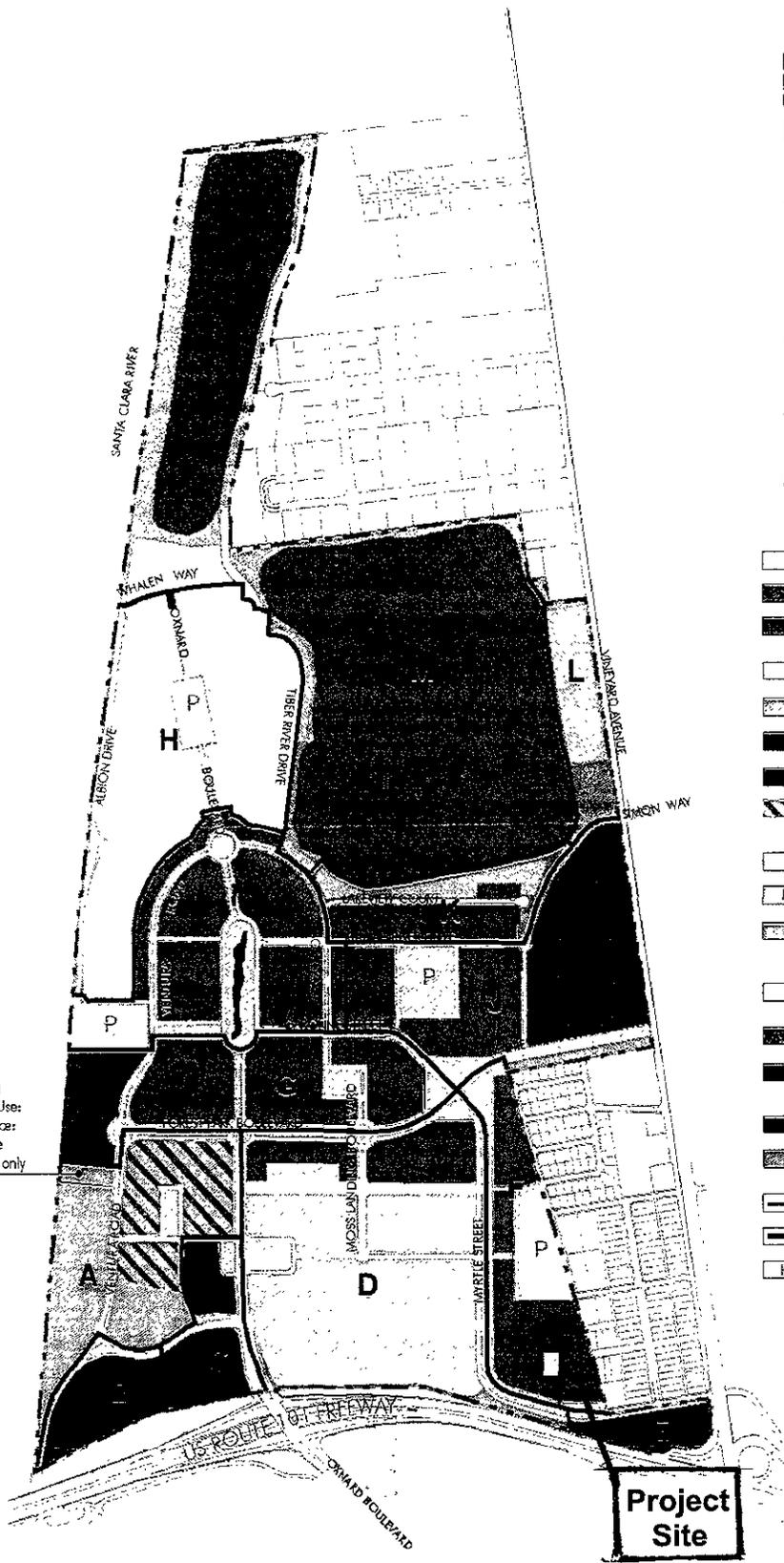
Planning Districts

- A Mixed Use/Office District
- B West Peripheral Commercial District
- C Convention/ Hotel District
- D Town Square Commercial District
- E East Peripheral Commercial District
- F Vineyards Neighborhood District
- G Village Square Neighborhood District
- H RiverPark Crescent Neighborhood District
- I RiverPark Loop Neighborhood District
- J RiverPark Mews Neighborhood District
- K Lakeside Neighborhood District
- L Public Facility District
- M Water Storage/Recharge Basins & Storm Water Control District

Land Use

- Residential: Low Medium (8-12 DU/gross acre)
- Residential: Medium (12-18 DU/gross acre)
- Residential: High (18-30 DU/gross acre)
- Commercial: Regional
- Commercial: Office
- Commercial: Convention/ Hotel
- Commercial: Retail/ Office
- Mixed Use: Residential: High/ Commercial: Office
- Open Space: Park Space
- Open Space: Neighborhood Parks
- Open Space: Landscaped Buffer
- Open Space: Miscellaneous: Dry Swales/ Detention Basins
- Open Space: Miscellaneous: Water Storage/ Recharge Basins
- Open Space: Miscellaneous: Water Feature
- Schools/ Community Park
- Public Facilities
- Specific Plan Area
- Planning District Boundary
- Planning District Designation

Underlying Permitted Use:
 Open Space:
 Park Space
 (this parcel only)



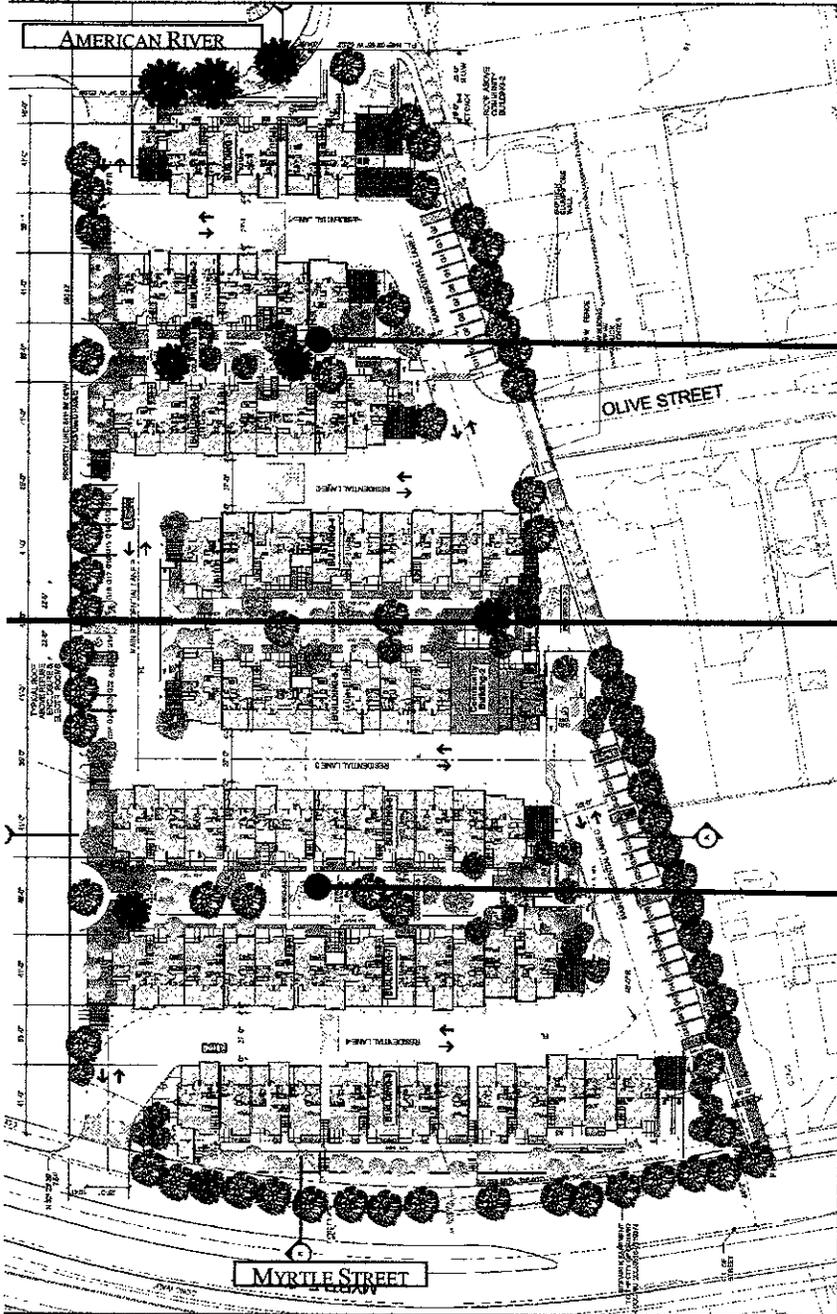
LAND USE PLAN: PERMITTED USES

August 27, 2002
 prepared for RiverPark Development, LLC by AC Martin Partners with
 RTKL / EDSA / CRAIN AND ASSOCIATES / WILLIAM HEZMALHALCH ARCHITECTS / HUITT-ZOLLARS

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**RiverPark 140 Unit Rental Project For
Extremely and Very Low Income Families**



Paseo Santa Clara
19 Extremely Low Income Units
34 Very Low Income Units
1 Managers Unit
54 Units Total

Paseo Del Rio
32 Extremely Low Income Units
53 Very Low Income Units
1 Managers Unit
86 Units Total

Developed By

Cabrillo Economic Development Corporation

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CITY OF OXNARD

REQUEST FOR SPECIAL BUDGET APPROPRIATION

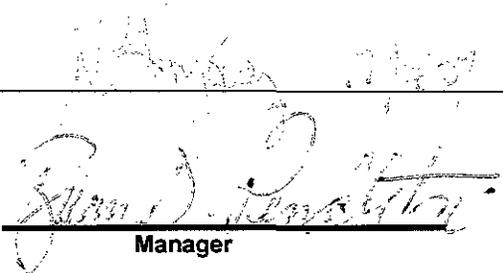
To the City Manager:

July 24, 2007

Request is hereby made for an appropriation of total \$ 2,700,000

Reason for appropriation: Appropriate \$1,050,000 in Housing-Set-Aside Funds, \$650,000 in CDC In-Lieu Fee Funds and transfer \$1,000,000 of previously appropriated funds from the 25% Home Match Funds to the Paseo del Rio Project, for a total of \$2.7 million.

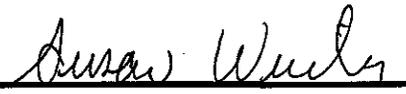
<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Housing Set Aside (441)	Home 25% Matching Account 441-9982 (009982) 827-8363 - CDC Loans/Grants	(1,000,000)
	Paseo del Rio 441-5137 (075102) 826-8602 - Buildings-New	<u>2,050,000</u>
	Net Estimated Change to Housing Set Aside Fund Balance	<u>(1,050,000)</u>
CDC In-Lieu Fees (443)	Paseo del Rio 443-5137 (075102) 826-8602 - Buildings-New	<u>650,000</u>
	Net Estimated Change to CDC in-Lieu Fees Fund Balance	<u>(650,000)</u>



 Manager

REQUIRES COMMISSION APPROVAL

DIRECTOR OF FINANCE



Disposition	Approved _____
Transfer by Journal Voucher _____	Rejected _____
	City Manager

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