



ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" 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: Maureen Hooper, Redevelopment Project Manager Agenda Item No. 0-2  
 Reviewed By: City Manager MMH Holmberg PAH City Attorney Finance J.C. Other (Specify)

**DATE:** July 15, 2009  
**TO:** Community Development Commission  
**FROM:** Karen Burnham, Interim Director  
 Community Development Department  
**SUBJECT:** RiverPark Affordable Housing Loan Agreements

**RECOMMENDATION**

That Community Development Commission:

1. Approve and authorize the Chairman or Executive Director to execute an affordable housing loan agreement (A-7204) with E.D. LLC/KOH, LLC in the amount of \$1,250,000 for predevelopment costs associated with the Resonate Apartments project (Lot No. 3) in substantially the form presented to the Commission with such non-substantive changes as may be approved by the Executive Director and Commission General Counsel. Authorize the Executive Director or designee to sign all documents necessary and appropriate to carry out and implement the affordable housing loan agreement, and to administer the Community Development Commission's obligations, responsibilities and duties to be performed hereunder.
2. Approve and authorize the Chairman or Executive Director to execute an affordable housing loan agreement (A-7205) with E.D. 2, LLC in the amount of \$875,000 for predevelopment costs associated with the Mosaic Apartments project (Lot No. 11) in substantially the form presented to the Commission with such non-substantive changes as may be approved by the Executive Director and Commission General Counsel. Authorize the Executive Director or designee to sign all documents necessary and appropriate to carry out and implement the affordable housing loan agreement, and to administer the Community Development Commission's obligations, responsibilities and duties to be performed hereunder.
3. Approve and authorize the Chairman or Executive Director to execute an affordable housing loan agreement (A-7205) with KOH 12-17, LLC in the amount of \$875,000 for predevelopment costs associated with the Mosaic Apartments project (Lot No. 12) in substantially the form presented to the Commission with such non-substantive changes as may be approved by the Executive Director and Commission General Counsel. Authorize the Executive Director or designee to sign all documents necessary and appropriate to carry out and implement the affordable housing loan

agreement, and to administer the Community Development Commission's obligations, responsibilities and duties to be performed hereunder.

4. Approve the appropriation of funds in the amount of \$3,000,000 from the Housing Set-Aside funds for these loans.
5. Approve and adopt the attached Resolution entitled "A Resolution of the Oxnard Community Development Commission making certain findings relating to an Affordable Housing Loan Agreement with E.D., LLC and KOH, LLC, an Affordable Housing Loan Agreement with E.D. 2, LLC, and an Affordable Housing Loan Agreement with KOH 12-17, LLC."

## **DISCUSSION**

E.D. LLC/KOH, LLC (and related entities) is requesting Community Development Commission assistance in the form of three predevelopment loans totaling \$3,000,000 for both the Resonate and Mosaic Apartment projects. The loans would assist with costs of developing the 53 affordable units to be developed as part of Resonate and Mosaic Apartment projects as discussed below, including reimbursement for real estate taxes, architectural fees, entitlement management, plan check and permit fees, civil engineering and landscape design fees.

Under the RiverPark Specific Plan, 2,805 units were approved. The affordable housing requirement for these units will be met by providing the housing in-lieu fee for 382 units, leaving a net of 2,423 for which 15% (364 units) must be provided on-site. The inclusionary affordable units agreed to under an existing RiverPark Owner Participation Agreement and Development Agreement is 392 units, or 16.2%. Of the 392 units, 96 have been constructed to date.

E.D. LLC/KOH, LLC is currently applying for a Specific Plan amendment that would allow for an additional 304 units. Under the proposed amendment to the RiverPark Specific Plan, the Resonate Apartments are proposed for an additional 92 units, for a total of 132, of which 20 (15.1%) would be affordable for 55 years. The Mosaic Apartments are proposed for an additional 70 apartments, for a total of 220, of which 33 (15%) would be affordable for 55 years. The 53 affordable units will be in addition to the 392 affordable units required under the existing RiverPark Owner Participation Agreement and Development Agreement and the \$3,000,000 of loans will be in addition to the affordable housing assistance provided (and to be provided) by the Community Development Commission under the existing RiverPark Owner Participation Agreement and Development Agreement.

The proposed amendment to the RiverPark Specific Plan also includes an additional 142 units for the Tempo apartments, whose affordable requirement has been met through the donation of Lot 19 to Cabrillo Economic Development Corporation (CEDC) for their 140 unit affordable housing project in accordance with the existing RiverPark Owner Participation Agreement and Development Agreement. No funding assistance in the form of a predevelopment loan is requested for the Tempo apartment project.

The loans and possibly the Community Development Commission's affordability covenants for the 53 units would be subordinate to the first deeds of trust currently existing on the three sites (\$3,650,000 on Lot 3 and \$5,000,000 each on Lots 11 and 12). Loan repayment would be at the recordation of the construction loan or three years from the date of the Promissory Note, whichever is earlier. Interest would be the current LAIF plus one percent at the time of loan execution.

## **ENVIRONMENTAL IMPACT**

An Environmental Impact Report ("EIR") was prepared for the HERO Project Area under the provisions of the California Environmental Quality Act of 1970, as amended ("CEQA"), and was certified by the Planning Commission and City Council in 1997 at the time of adoption of the HERO Redevelopment Plan. In accordance with CEQA Section 21090 and CEQA Guidelines Sections 15180, 15162 and 15163, no subsequent EIR nor supplement to the EIR need be prepared for the Loan Agreements and no further documentation is required under CEQA.

## **FINANCIAL IMPACT**

The Special Budget Appropriation will appropriate funds in the amount of \$3 million from the Housing Set-Aside Fund Balance to, "CDC Loan/RiverPark Resonate and Mosaic Apartments." There are sufficient funds available in Fund 441 to cover the \$3 million appropriation.

## **MH**

- Attachment #1 - Affordable Housing Loan Agreement – Resonate Apartments Project (Lot 3)
- #2 - Affordable Housing Loan Agreement – Mosaic Apartments Project (Lot 11)
- #3 - Affordable Housing Loan Agreement – Mosaic Apartments Project (Lot 12)
- #4 - Special Budget Appropriation form
- #5 -Community Development Commission Resolution entitled "A RESOLUTION OF THE OXNARD COMMUNITY DEVELOPMENT COMMISSION MAKING CERTAIN FINDINGS RELATING TO AN AFFORDABLE HOUSING LOAN AGREEMENT WITH E.D., LLC AND KOH, LLC, AN AFFORDABLE HOUSING LOAN AGREEMENT WITH E.D. 2, LLC, AND AN AFFORDABLE HOUSING LOAN AGREEMENT WITH KOH 12-17, LLC."

Note: The Loan Agreements have been provided to the City Council. Copies are available for review at the Circulation Desk in the Library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Friday.

**CITY OF OXNARD**  
**REQUEST FOR SPECIAL BUDGET APPROPRIATION**

To the City Manager:

July 21, 2009

Request is hereby made for an appropriation of total . . . . .

\$ 3,000,000

**Reason for appropriation:**      Appropriation of \$1,250,000 from Housing Set-Aside Fund balance to RiverPark Resonate Apartments Project

   Appropriation of \$1,750,000 from Housing Set-Aside Fund balance to RiverPark Mosaic Apartments Project

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
CDC - HOUSING SET-ASIDE FUND 441	CDC - HOUSING SET-ASIDE FUND 441-XXXX-XXX	
	XXX-XXX - LOAN AGREEMENT FOR PREDEVELOPMENT COSTS OF PROJECTS	3,000,000
	<b>Net Estimated Change to Set-Aside Fund (441)</b>	<u><u>(3,000,000)</u></u>

*Grace Hoffman*  
 \_\_\_\_\_  
 Manager

REQUIRES CITY COUNCIL APPROVAL

CHIEF FINANCIAL OFFICER

*James Cameron*  
 \_\_\_\_\_

Disposition

Approved \_\_\_\_\_

Rejected \_\_\_\_\_

Transfer by Journal Voucher \_\_\_\_\_

\_\_\_\_\_  
 City Manager

ATTACHMENT   #4    
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OXNARD COMMUNITY DEVELOPMENT COMMISSION

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE OXNARD COMMUNITY DEVELOPMENT COMMISSION MAKING CERTAIN FINDINGS RELATING TO AN AFFORDABLE HOUSING LOAN AGREEMENT WITH E.D., LLC AND KOH, LLC, AN AFFORDABLE HOUSING LOAN AGREEMENT WITH E.D. 2, LLC, AND AN AFFORDABLE HOUSING LOAN AGREEMENT WITH KOH 12-17, LLC

WHEREAS, the Oxnard Community Development Commission (“Commission”) is engaged in activities necessary to carry out and implement the Redevelopment Plan (“Redevelopment Plan”) for the Historic Enhancement and Revitalization of Oxnard Redevelopment Project (“Project Area”);

WHEREAS, in furtherance of the Redevelopment Plan, the Commission proposes to enter into an Affordable Housing Loan Agreement with E.D., LLC and KOH, LLC (“Resonate Lot 3 Agreement”), which provides for a predevelopment loan from the Commission to be used towards the development of approximately 20 affordable rental housing units;

WHEREAS, also in furtherance of the Redevelopment Plan, the Commission proposes to enter into an Affordable Housing Loan Agreement with E.D. 2, LLC (“Mosaic Lot 11 Agreement”), which provides for a predevelopment loan from the Commission to be used towards the development of approximately 16 affordable rental housing units;

WHEREAS, also in furtherance of the Redevelopment Plan, the Commission proposes to enter into an Affordable Housing Loan Agreement with KOH 12-17, LLC (“Mosaic Lot 12 Agreement”), which provides for a predevelopment loan from the Commission to be used towards the development of approximately 17 affordable rental housing units;

WHEREAS, the Resonate Lot 3 Agreement, Mosaic Lot 11 Agreement, and the Mosaic Lot 12 Agreement may be collectively referred to as the “Loan Agreements”. The approximately 20 affordable rental housing units to be developed pursuant to the Resonate Lot 3 Agreement, the approximately 16 affordable rental housing units to be developed pursuant to the Mosaic Lot 11 Agreement, and the approximately 17 affordable rental housing units to be developed pursuant to the Mosaic Lot 12 Agreement may be collectively referred to as the “Affordable Units”;

WHEREAS, in connection with the Loan Agreements, affordability covenants and restrictions for the Affordable Units (“Affordability Covenants”) will be recorded in accordance with Section 33334.3(f) of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) (“CRL”);

ATTACHMENT 5  
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WHEREAS, CRL Section 33334.14(a)(4) provides that the Affordability Covenants may be subordinated to each Permitted Mortgage (as defined in the Loan Agreements) provided that the Commission makes a finding and the Commission obtains written commitments reasonably designed to protect the Commission's investment in the event of a default;

WHEREAS, the Loan Agreements provide that, as a condition of disbursement of any funds from the Commission, each Permitted Mortgagee (as defined in the Loan Agreements) shall have executed an agreement as described by CRL Section 33334.14(a)(4) and such agreement shall have been recorded;

WHEREAS, an Environmental Impact Report ("EIR") was prepared under the provisions of the California Environmental Quality Act of 1970, as amended ("CEQA"), and was certified by the Planning Commission and City Council in 1997 at the time of adoption of the Redevelopment Plan;

WHEREAS, the EIR identified impacts, proposed mitigation measures and residual impacts associated with the implementation of the Redevelopment Plan. The Redevelopment Plan does not contain specific development proposals; rather, the EIR analyzed new development potential based on vacant and underutilized land;

WHEREAS, the EIR identifies project objectives and the scope of activities to be undertaken in support of redevelopment. The Loan Agreement will neither modify these redevelopment parameters nor introduce new activities not previously identified;

WHEREAS, based on the EIR and the analyses contained therein, approval of the Loan Agreements will not involve any new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

WHEREAS, no substantial changes have occurred with respect to the circumstances under which Project Area is undertaken which will require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

WHEREAS, no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the EIR was certified as complete, shows:

- a. The Project Area will have one or more significant effects not discussed in the EIR, or
- b. Significant effects previously examined will be substantially more severe than shown in the EIR, or
- c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more

significant effects of the Project Area, but the project proponents decline to adopt the mitigation measures or alternative, or

- d. Mitigation measures or alternatives which are considerably different from those analyzed in the EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative;

WHEREAS, the Commission has reviewed and considered the information contained in the EIR;

WHEREAS, in accordance with CEQA Section 21090 and CEQA Guidelines Sections 15180, 15162 and 15163, no subsequent EIR nor supplement to the EIR need be prepared for the Loan Agreements and no further documentation is required under CEQA; and

WHEREAS, the Commission has duly considered all terms and conditions of the proposed transaction, and believes that it is in the best interests of the Project Area and the City of Oxnard and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law and requirements.

NOW, THEREFORE, THE OXNARD COMMUNITY DEVELOPMENT COMMISSION DOES RESOLVE AS FOLLOWS:

1. The Commission finds and determines that all of the foregoing recitals are true and correct.
2. The Commission certifies that the information contained in the EIR has been reviewed and considered by the Commission.
3. The Commission instructs staff to prepare and file a Notice of Determination with respect to the Commission's findings and approval of the Loan Agreements as required by Public Resources Code, §§21108(a), 21125(a); 14 Cal Code Regulations §§15075(a) and 15094(a).
4. To the extent the Affordability Covenants might be subordinated to the Permitted Mortgages, based upon substantial evidence in the record, the Commission finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the Affordable Units on substantially comparable terms and conditions, but without subordination, is not reasonably available.
5. In making the findings herein, the Commission has considered all testimony, all written evidence presented, and the entire record prepared by Commission and City staff.

PASSED AND ADOPTED THIS 21<sup>st</sup> DAY OF July 2009, BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

OXNARD COMMUNITY DEVELOPMENT  
COMMISSION

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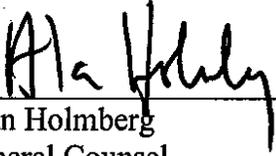
Dr. Thomas E. Holden, Chairman

ATTEST:

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Daniel Martinez  
Secretary Designate

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Alan Holmberg  
General Counsel