

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION OF THE SALINAS CITY COUNCIL AUTHORIZING APPROVAL OF A FUTURE FEE DEFERRAL LOAN AGREEMENT WITH MID-PENINSULA THE FARM, INC. FOR THE CHINATOWN AFFORDABLE HOUSING DEVELOPMENT AT 21 SOLEDAD STREET

WHEREAS, the City of Salinas (the "City") is designated as the housing successor to the dissolved Salinas Redevelopment Agency (the "Dissolved RDA") pursuant to California Health and Safety Code Section 34176; and

WHEREAS, Mid-Peninsula The Farm, Inc. (MidPen) an affiliate of MidPen Housing Corporation is applying for an allocation of Federal Low Income Housing Tax Credits (LIHTC) to provide primary financing for the 21 Soledad Street ("Project") in the first round of March 2017; and

WHEREAS, MidPen has requested that the City defer up to One Million Dollars (\$1,000,000) for certain eligible development impact and building permit fees, which would not include regional sanitary sewer fees assessed by the Monterey Regional Water Pollution Control Agency (MRWPCA), regional traffic impact fees assessed by the Transportation Agency for Monterey County (TAMC), National Pollutant Discharge Elimination System (NPDES), Non-Residential Impact Fees, and City Building, Fire and Engineering Review/Inspection Fees to assist the Project; and

WHEREAS, the deferral of the City fees would be evidenced by a loan agreement with a note in the principal amount not to exceed \$1,000,000 to be paid over fifty-five (55) years at a simple interest rate of 3.0% to be paid from other future funding sources for the project, net project cash flow made available during the stabilization period and/or residual receipts from the Project, and secured by a deed of trust to be recorded against the Project; and

WHEREAS, LIHTC regulations require MidPen to have all necessary financing under control, committed and/or reserved prior to the upcoming LIHTC application deadline scheduled for both March 2017 and June 2017; and

WHEREAS, the City may defer development impact and building permit fees, provided that where required by California law the deferral must be funded from non-fee revenues to avoid an improper cross-subsidy of some fee-payers by others.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Manager or the City Manager's designee, together with the City Attorney, is authorized to enter into a Fee Deferral Loan Agreement on behalf of the City and is directed to take whatever further action may be necessary to effectuate the intent of this Resolution.

PASSED AND APPROVED this 21st day of February 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk