

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

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALINAS
AUTHORIZING EXECUTION OF A DISPOSITION, DEVELOPMENT AND LOAN
AGREEMENT WITH MID-PENINSULA THE FARM, INC. AND MAKING CERTAIN
FINDINGS WITH RESPECT TO SUCH DISPOSITION, DEVELOPMENT AND LOAN
AGREEMENT IN CONNECTION WITH 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, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council (the "City Council") of the City has adopted the Central City Revitalization Plan for the Central City Project Area and the Redevelopment Plan for the Sunset Avenue Redevelopment Project Area, as amended from time to time (collectively, the "Redevelopment Plans" and the "Project Areas"). The Redevelopment Plans set forth plans for redevelopment of the Project Areas; and

WHEREAS, the Dissolved Agency was responsible for administering the Redevelopment Plans to cause redevelopment of the Project Areas; and

WHEREAS, the Dissolved Agency acquired that certain property located at 5-21 Soledad Street Road in the City of Salinas, California (the "Property"), located in the Central City Project Area, with funds from the Dissolved Agency's Low and Moderate Income Housing Fund established pursuant to California Health and Safety Code Section 33334.2; and

WHEREAS, the City Council 2013-15 Goals of Economic Diversity and Prosperity, include a priority initiative/objective of China Town Revitalization; and

WHEREAS, the City and an affiliate of the Developer, MidPen Housing Corporation, a California nonprofit public benefit corporation ("MidPen"), entered into a Predevelopment Grant Agreement, dated as of October 18, 2012, in which the City granted MidPen \$25,000 to conduct a feasibility study for development of a mixed-use development including affordable housing on the Property; and

WHEREAS, the City and the Developer entered into an Exclusive Negotiating Rights Agreement (the "ENA"), dated as of October 14, 2014, to negotiate an agreement for the development of the Property into a proposed mixed use building, with a 90-unit affordable housing development over retail/commercial space and parking (the "Development"); and

WHEREAS, the City and the Developer entered into a Predevelopment Loan Agreement, dated as of August 18, 2015, and ancillary documents related to a predevelopment loan from the City in the amount of \$201,500 (the "Predevelopment Loan") to finance

predevelopment activities associated with the Development funded from proceeds from the Low and Moderate Income Housing Asset Fund in accordance with Health and Safety Code Section 34176.1; and

WHEREAS, pursuant to the ENA, City staff and the Developer propose to enter into a Disposition, Development and Loan Agreement ("DDLA"), pursuant to which the City will donate the Property to the Developer for the development of ninety (90) units of affordable rental housing that will be affordable to extremely low income and low income households (the "Development") and the Predevelopment Loan will roll-over into a permanent loan for the Development (the "City Loan"); and

WHEREAS, the City Council's Housing Subcommittee reviewed the proposed DDLA at its meeting on January 19, 2017, and recommended approval of the DDLA by the City Council; and

WHEREAS, the sale of the Property, the roll-over of the Predevelopment Loan into the permanent City Loan under the DDLA and the construction of the Development is expected to implement the purposes of the Redevelopment Plans by causing the development of housing affordable to extremely low and low income households on the Property and by developing blighted and underutilized property in the Central City Project Area with a new affordable housing development; and

WHEREAS, Health and Safety Code Section 33433 requires that before any property of the City acquired in whole or in part with tax increment revenue is sold, such sale shall first be approved by the City Council after a public hearing; and

WHEREAS, the City has placed on file a copy of the DDLA and the summary called for in Health and Safety Code Section 33433 (the "Summary Report"), and has made the DDLA and the Summary Report available for public inspection and copying pursuant to Health and Safety Code Section 33433; and

WHEREAS, the City Council has conducted a duly noticed public hearing on the DDLA pursuant to Health and Safety Code Section 33433 for the purpose of receiving the input and comments of the public on the DDLA; and

WHEREAS, pursuant to the California Environmental Quality Act and the applicable state and local implementing guidelines (collectively, "CEQA"), the City Planning Commission found on December 21, 2016 that the proposed Development is categorically exempt (Class 32) from further environmental analysis per CEQA Guidelines Section 15332 (In-Fill Development Developments); and

WHEREAS, by staff report accompanying this Resolution (the "Staff Report"), incorporated herein by this reference, the City Council has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW THEREFORE, BE IT RESOLVED by the City Council, acting in its capacity as the City and its capacity as the housing successor to the Dissolved Agency, and based on the

evidence presented to the City Council, including the Staff Report, the Summary Report, and written and oral comments on the DDLA, as follows:

Section 1. That the Recitals above are true and correct.

Section 2. That the disposition of the Property pursuant to the DDLA will assist in the elimination of blight in the Project Area and will provide housing for extremely low and low income persons and is consistent with the implementation plan for the Project Area adopted pursuant to California Health and Safety Code Section 33490.

Section 3. That as detailed in the Summary Report, and pursuant to California Health and Safety Code Section 33433, the consideration for the Property is not less than fair reuse value at the use and with the covenants and conditions and development costs authorized by the DDLA.

Section 4. That pursuant to Health and Safety Code Section 33433, the City Council hereby approves the DDLA and all ancillary documents to the DDLA by the City Manager, in substantially the form on file with the City Clerk with such changes as are approved by the City Manager and the City Attorney (such approval to be conclusively evidenced by the execution of the DDLA); approves the negotiation and execution of all ancillary documents with such changes as are approved by the City Manager (and approved by the City Attorney); and approves the conveyance of the Property and the roll-over of the Predevelopment Loan to the permanent City Loan pursuant to the provisions of the DDLA.

Section 5. That nothing in this Resolution shall affect the City's policy discretion in granting or denying the planning approvals related to the Property.

Section 6. Prior to reaching a decision on the Development, the City Council considered the environmental effects of the Development and the Planning Commission's finding that the proposed Development is categorically exempt (Class 32) from further environmental analysis per CEQA Guidelines Section 15332 (In-Fill Development Developments).

Section 7. That the City Manager or the City Manager's designee is directed to file the Notice of Determination with respect to the DDLA and Development in accordance with CEQA.

Section 8. That the City Clerk is designated as the custodian of the document and other material which constitute the record of proceedings upon which the decision herein is based. These documents may be found at the City Clerk's Office at 200 Lincoln, Salinas, California 93901.

Section 9. That this Resolution shall take immediate effect upon its approval.

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