

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**A RESOLUTION OF THE SALINAS CITY COUNCIL APPROVING THE CITY FUNDING RESERVATION LETTER FOR THE MIDPEN 21 SOLEDAD STREET HOUSING PROJECT**

**WHEREAS**, the City of Salinas ("City") owns the parcels located at 5 to 21 Soledad Street in the China Town area of the City ("Site"); 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 MidPen Housing Corporation, Mid-Peninsula The Farm, Inc., a California nonprofit public benefit corporation ("MidPen"), entered into an Exclusive Negotiating Rights Agreement (ENRA), dated as of October 14, 2014, to negotiate an agreement for the development of the Site known as 21 Soledad Street Housing Community (Project) into a proposed mixed use building, with a 90-unit affordable housing development comprised of 81 single room occupancy (SRO) units, 4 one-bedroom units and 5 two-bedroom units over retail/commercial space and parking; and

**WHEREAS**, the ENRA, dated as of October 14, 2014 stipulates that the Disposition, Development, And Loan Agreement (DDLA) shall be entered into and fully executed before April 16, 2017; and

**WHEREAS**, MidPen intends to apply for Project funding through the California Tax Credit Allocation Committee (CTCAC) Low-Income Housing Tax Credit (LIHTC) Program; and

**WHEREAS**, CTCAC LIHTC regulations require MidPen to have site control such as in the form of a fully executed DDLA prior to the upcoming CTCAC LIHTC application deadline scheduled for both March 2017 and June 2017; and

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

**WHEREAS**, the City has disbursed and/or committed a total of \$626,500 to-date into the Project; and

**WHEREAS**, MidPen has identified that there is an additional financing gap remaining for the Project; and

**WHEREAS**, the City proposes to provide additional funding subject to City Council approval and United States Department of Housing and Urban Development (HUD) approval of

future funding to MidPen for the Project in the amount up to \$3,409,000 to assist with the necessary Project financing gap remaining; and

**WHEREAS**, the proposed additional City funding of up to \$3,409,000 represents the maximum amount of City contributions and the total amount may not be needed in the Project should MidPen secure other funding sources or costs be lower than originally estimated; and

**WHEREAS**, the proposed additional City funding of up to \$3,409,000 will derive from the following dollar amounts and sources listed below; and

**WHEREAS**, the City proposes to provide additional funding in the form of a deferred loan to MidPen for the Project in the amount of up to \$667,000 from its FY 2017-18 federal entitlement Community Development Block Grant (CDBG) allocation; and

**WHEREAS**, the City proposes to provide additional funding in the form of a deferred loan to MidPen for the Project in the amount of up to \$667,000 from its FY 2018-19 federal entitlement Community Development Block Grant (CDBG) allocation; and

**WHEREAS**, the City proposes to provide additional funding in the form of a deferred loan to MidPen for the Project in the amount of up to \$550,000 from its FY 2018-19 federal entitlement HOME Investment Partnership Program (HOME) allocation; and

**WHEREAS**, the City proposes to donate land to MidPen for the Project in the amount of the appraised value of up to \$525,000; and

**WHEREAS**, the City proposes to provide additional funding in the form of a deferred loan to MidPen for the Project in the amount of up to \$1,000,000 (impact fees) fee deferral agreement; and

**WHEREAS**, the attached City reservation letter which identifies the proposed additional funding sources and dollar amounts needs to be fully executed per CTCAC LIHTC regulations prior to MidPen submitting their upcoming CTCAC LIHTC application in 2017; and

**WHEREAS**, on January 19, 2017 the CDBG/Housing Subcommittee recommended to the City Council approving the draft DDLA and City funding reservation letter; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the City Council set forth below.

**BE IT FURTHER RESOLVED**, that the City Council hereby approves the City funding reservation letter.

**BE IT FURTHER RESOLVED**, that the City Council hereby authorizes the City Manager or his designee to execute the City funding reservation letter.

**BE IT FURTHER RESOLVED**, that the City Council hereby authorizes the City Manager (as approved by the City Attorney) or his designee to execute the future CDBG/HOME funding documents on behalf of the City;

**BE IT FURTHER RESOLVED** that this Resolution shall take immediate effect upon approval.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Joe Gunter, Mayor

ATTEST:

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Patricia M. Barajas, City Clerk