

**GARDEN GROVE CITY COUNCIL**

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE HOME INVESTMENT PARTNERSHIP AFFORDABLE HOUSING AND LOAN AGREEMENT (SYCAMORE COURT HOUSING PROJECT); AUTHORIZING THE CITY MANAGER TO IMPLEMENT THE HOME AGREEMENT AND PROJECT DOCUMENTS; FINDING AND DETERMINING THE NEW PROJECT IS CATEGORICALLY EXEMPT UNDER CEQA; AND, MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH**

**WHEREAS**, the City of Garden Grove (“City”) is a California general law city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development (“HUD”) that has received funds (“HOME Funds”) from HUD pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92 (together, “HOME Program”);

**WHEREAS**, the HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and lower income households in accordance with the HOME Program; and, the HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families;

**WHEREAS**, Mariman & Co., a California corporation, has entered into an agreement to purchase two (2) parcels of real property located at 10632 Bolsa Avenue in the city (“Properties”), which are improved with seventy-eight (78) residential rental Housing Units in six (6) two story buildings; and

**WHEREAS**, Mariman & Co. has assigned or will assign in connection with such purchase agreement and the subject transaction all of its rights and obligations under thereunder to 10632 Bolsa Avenue, LP, a California limited partnership (“Developer”);

**WHEREAS**, Developer and City desire to enter into that certain HOME Investment Partnership Affordable Housing And Loan Agreement (Sycamore Court Housing Project) (“HOME Agreement”), and capitalized terms used in this Resolution are as defined in the HOME Agreement or as otherwise defined herein;

**WHEREAS**, under the HOME Agreement the City will commit and provide a subordinate loan of \$1,200,000 (“City Loan”) sourced solely from the HOME Program to facilitate Developer’s acquisition, substantial rehabilitation and operation of the Properties as affordable rental housing to be made available to and occupied by qualified and eligible very low income households and lower income households at an affordable rent pursuant to the HOME Agreement and the Regulatory Agreement appended thereto (“Project”);

**WHEREAS**, all or a portion of the HOME Funds to be contributed to the Project by the City under the HOME Agreement have been reserved for investment only in housing to be owned, developed or sponsored by a community housing development organization (“CHDO”) pursuant to and as defined in the HOME Regulations, and the parent affiliate of the Developer entity managing general partner, AOF/Golden State Community Development Corp., which is a qualified CHDO;

**WHEREAS**, on December 14, 2016, California Tax Credit Allocation Committee (“TCAC”) awarded Developer an allocation of 4% Tax Credits and also on December 14, 2016 the California Debt Limit Allocation Committee (“CDLAC”) awarded Developer a bond allocation and the California Public Financing Authority will issue multifamily housing mortgage revenue bonds in an aggregate amount of \$14,400,000 (“Bonds”) as the permanent, senior financing for the Project;

**WHEREAS**, further, the Project consists of the rehabilitation, improvement and replacement of dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households, as defined in Section 50079.5 of the Health and Safety Code, and consists of the acquisition and rehabilitation of a rental housing development which, prior to the date of the Agreement, was subject to a contract for federal assistance for the purpose of providing affordable housing for low-income households (through the existing HAP Contract) and the Project is renewing the HAP Contract with HUD for the purpose of providing affordable housing for low-income households and therefore the Project does not constitute a low-rent housing project within the meaning of Section 1 of Article XXXIV of the California Constitution;

**WHEREAS**, the City is investing in the Project and providing the City Loan to Developer to cause and qualify all Housing Units as long-term affordable housing for very low and lower income households, including the HOME Units under the HOME Program during the HOME Compliance Period and all Housing Units too qualifying as replacement housing as to four Housing Units to meet existing replacement housing obligations under the *Limon* Judgment and the balance of the Housing Units also qualifying as reserved or banked replacement housing under federal or state laws, as, if and when necessary for the City or its affiliated entities, including the Garden Grove Housing Authority and the Successor Agency to the Garden Grove Agency for Community Development to meet federal or state replacement housing requirements;

**WHEREAS**, under the California Environmental Quality Act, California Public Resources Code Section 21000, *et seq.*, and the implementing regulations at Title 14 California Code of Regulations Section 15000, *et seq.*, in particular Sections 15301, 15326, 15354 and 15374 (together, “CEQA”), provide that certain existing facilities and affordable housing projects establish that the Project are categorically exempt from CEQA;

**WHEREAS**, the Project meets the categorical exemption set forth in Section 15301 (Class 1 Facilities) that consist of the operation, repair, maintenance, permitting, leasing, licensing, or alteration of existing public or private structures, and Section 15326 (Class 26: Acquisition of Housing for Housing Assistance Programs) that consist of actions by a housing authority implementing an affordable housing project;

**WHEREAS**, in connection with the HOME Agreement, the City prepared an environmental assessment in accordance with the National Environmental Policy Act and determined that the Project is categorically excluded thereunder, including 24 CFR 58.35;

**WHEREAS**, the City's participation and subsidy to the Project will be in the public interest in that it will increase the number of affordable housing units within the City and carry out the objectives of the City's Housing Element of its General Plan; and

**WHEREAS**, the City Council desires by this Resolution to approve the HOME Agreement for implementation of the Project and provision of affordable housing and replacement housing under federal and state laws.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES:**

1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

2. As the lead agency under CEQA, the City Council finds and determines that the Agreement and the Project to be implemented by the Project documents meet the categorical exemptions under CEQA and categorical exclusion under NEPA as cited in the above recitals, including Class 1 Existing Facilities: operation, repair, maintenance, permitting, leasing, licensing, or alteration of existing public or private structures, and Class 26: Acquisition of Housing for Housing Assistance Programs: actions by a housing authority implementing an affordable housing project.

3. The City participation in the financing of the Project and the provision of replacement housing units in implementation of the *Limon* Judgment and for reservation and banking of future replacement housing requirements meet statutory exceptions to, and do not constitute development, construction or acquisition of a low-rent housing project within the meaning of, Article XXXIV of the State Constitution; in any event, this Resolution is intended to and constitutes an approval within the meaning of California Health and Safety Code Section 36005 of a development that may result in housing assistance benefiting persons of low income.

4. The City Council hereby approves the HOME Agreement with such changes as may be mutually agreed upon by the City Manager, and his duly authorized representative(s), the City Attorney and special counsel, as are minor and in substantial conformance with the form of the HOME Agreement (Attachment 1) submitted herewith. The Mayor, City Manager and their duly authorized representatives (together, "Authorized Officers") are hereby authorized, as applicable, to execute and attest the HOME Agreement, including any related attachments and implementing documents, on behalf of the City. In such regard, the Authorized Officers are authorized to sign or attest the final version of the HOME Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the HOME Agreement, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the Authorized Officers are authorized to implement the HOME Agreement and take all further actions and execute all documents referenced

therein or necessary and appropriate to carry out the transaction contemplated by the HOME Agreement. The Authorized Officers are also authorized to the extent necessary during the implementation of the HOME Agreement to make technical or minor changes and interpretations thereof after execution, as necessary to properly implement and carry out the HOME Agreement, including all exhibits thereto, provided any and all such changes shall not in any manner materially affect the rights and obligations of the City under the HOME Agreement.

5. The City Clerk shall certify to the adoption of this Resolution.

ATTACHMENT NO. 1

**HOME AGREEMENT**

(ATTACHED)