

CITY OF FAIRFIELD

RESOLUTION NO. 2020-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIRFIELD APPROVING THE EXECUTION OF AN AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT (DENSITY BONUS; FEE DEFERRAL; FEE CREDITS) AND A FEE DEFERRAL AGREEMENT WITH MP 1700 SANTA MONICA ASSOCIATES, L.P. TO SUPPORT THE CREATION OF NEW AFFORDABLE HOUSING ON CERTAIN REAL PROPERTY OWNED BY THE FAIRFIELD HOUSING AUTHORITY IN THE CITY OF FAIRFIELD, CALIFORNIA, AND AUTHORIZING CERTAIN RELATED ACTIONS

WHEREAS, on June 28, 2011, the Governor signed into law Assembly Bill XI 26, as subsequently amended by AB 1484, which provided for the dissolution and winding down of redevelopment agencies throughout the State of California (the "Dissolution Legislation"); and

WHEREAS, on February 1, 2012, the Fairfield Redevelopment Agency (the "Agency") was dissolved by operation of the Dissolution Legislation and the housing assets of the former Agency were transferred to the Fairfield Housing Authority (the "Authority"), which now administers these assets as the housing successor to the former Agency; and

WHEREAS, the Authority owns four parcels of land in the City of Fairfield, California (the "City") which were transferred to the Authority as housing assets pursuant to the Dissolution Legislation. The parcels total approximately 3.5 acres in size and are also known as Assessor's Parcel Numbers 0037340010, 0037340190, 0037053700 and 0037053560 (collectively, the "Property" or "1700 Santa Monica"); and

WHEREAS, MidPen Housing Corporation ("MidPen") is a non-profit developer, owner and manager of affordable housing which has been in operation for over 45 years and has developed over 100 communities and 8,000 homes for low income families, seniors, and special needs individuals throughout Northern California and has demonstrated its ability to develop and operate affordable housing projects; and

WHEREAS, MidPen currently owns and operates one affordable housing development in the City known as Sunset Creek near the intersection of Travis Boulevard and Sunset Creek that is adjacent to Dover Park and 1700 Santa Monica; and

WHEREAS, MidPen has proposed to develop on 1700 Santa Monica 71 units of permanent supportive affordable housing plus one manager's unit and community space, and provide case management services and residence programs, with units to be restricted for rental at affordable rents to extremely low income households (having incomes that do not exceed 30% of the area median income for Solano County, adjusted for family size ("AMI")), very low income households (having incomes that do not exceed 50% of the AMI), and low income households (having incomes that do not exceed 80% of the AMI). Thirty-four of the units will be reserved for homeless transitional housing and 36 of the units will be reserved for recipients of Project Based Vouchers (PBVs); and

WHEREAS, to support the creation of the units, in December of 2018, the Authority and MidPen entered into an exclusive negotiating agreement, the Authority authorized the commitment and

expenditure of up to \$2,000,000 for Fiscal Year 2018-2019 and Fiscal Year 2019-2020 from the Low and Moderate Income Housing Asset Fund held by the Authority as housing successor to the former Agency (the "Housing Fund") for pre-development and development activities, and the Authority and MidPen entered into a Pre-development Loan Agreement and Promissory Note; and

WHEREAS, MidPen has provided pro-forma documentation to the Authority demonstrating that it will need additional financial support from the Authority for the creation of affordable units; and

WHEREAS, MidPen has requested the Authority to enter into a Disposition, Development and Loan Agreement (the "DDLA") with MP 1700 Santa Monica Associates, L.P. (an affiliated limited partnership formed by MidPen) ("MP"), pursuant to which the Authority will appropriate an additional \$200,000 from the Housing Fund during Fiscal Year 2019-2020 to support the development of the Affordable Units; and

WHEREAS, there is adequate money in the Housing Fund to provide such support and the revised appropriation constitutes an update to the 2019-2020 Budget approved pursuant to Resolution No. 2019-150; and

WHEREAS, the DDLA provides for the Authority to convey the Property, which has an appraised market value of \$2,287,000, to MP for no purchase price, and to make a loan to MP in the amount of \$2,200,000, consisting of a \$1,300,000 predevelopment loan previously approved pursuant to the 2018 Pre-development Loan Agreement and a \$900,000 construction loan, which shall be evidenced by a promissory note executed by MP pursuant to the DDLA. The sums outstanding under the 2018 Pre-development Loan Agreement will, at the close of escrow on the Property, be deemed outstanding under the new promissory note and no sums shall thereafter be payable by MidPen under the 2018 Pre-development Loan Agreement; and

WHEREAS, in consideration of the conveyance of the Property and the assistance from the Housing Fund, the DDLA requires 35 of the units to be restricted for extremely low income households pursuant to a regulatory agreement between the Authority and MP; and

WHEREAS, pursuant to Fairfield Municipal Code ("MC") Sections 25.38, 5.4.3 and 5.4.4, MP has applied for specified incentives, including fee credits from the Fee Credit Bank and fee deferrals and is eligible to receive such fee credits and fee deferrals. The City's Director of Planning and Community Development (the "Director") shall have the authority to grant the fee deferrals and fee credits. The DDLA provides that, subject to the approval of the Director, and as a condition to the close of escrow for the Property, the City will provide fee credits in an amount not to exceed \$1,000,000 and fee deferrals in an amount up to \$1,500,000 (as increased by adjustments to the area of the project/improvements and by increases in the applicable fees after the date of execution of the DDLA) and the City and MP shall have entered into a fee deferral agreement. Further, the DDLA requires the City and MP to enter into an affordability restrictions and regulatory agreement pursuant to which 11 of the units will be restricted for rental to very low income households and 18 of the units will be restricted for rental to low income households at affordable rents and MP agrees to apply the cost reduction from the fee credits to reducing the cost of the Affordable Units.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FAIRFIELD HEREBY RESOLVES:

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

Section 2. The Affordability Restrictions and Regulatory Agreement (Density Bonus; Fee Deferral; Fee Credits) by and between the City and MP 1700 Santa Monica Associates, L.P. presented to the City Council at this meeting and incorporated herein by reference ("Affordability Agreement"), is hereby approved. The City Manager, or his designee (the "Authorized Officer"), is hereby authorized to execute and deliver, for and in the name of the City the Affordability Agreement in substantially such form, with such additions or changes as the Authorized Officer may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof) and to do all things necessary and proper to implement the Affordability Agreement.

Section 3. The Fee Deferral Agreement by and between the City and MP 1700 Santa Monica Associates, L.P. presented to the City Council at this meeting and incorporated herein by reference is hereby approved. The Authorized Officer is hereby authorized to execute and deliver, for and in the name of the City the Fee Deferral Agreement in substantially such form, with such additions or changes therein as the Authorized Officer may approve (such approval to be conclusively evidenced by the execution and delivery thereof provided that fee deferrals do not exceed the amount approved by the City's Director of Planning and Community Development, and to do all things necessary and proper to implement the Fee Deferral Agreement.

Section 4. The officers and staff of the City are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution, and any such actions previously taken are hereby ratified and confirmed.

PASSED AND ADOPTED this 4th day of February 2020, by the following vote:

AYES: COUNCILMEMBERS: PRICE / BERTANI / MOY / TIMM / VACCARO

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ABSTAIN: COUNCILMEMBERS: _____

MAYOR

ATTEST:

CITY CLERK