

RESOLUTION NO. 2024-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS HOUSING SUCCESSOR TO THE FORMER REDEVELOPMENT AGENCY, APPROVING A CONSTRUCTION BUDGET, AN ARPA LOAN AGREEMENT WITH RIVERSIDE COUNTY AND THE EXPENDITURE OF UP TO \$3,687,500 FROM THE CITY'S LOW AND MODERATE INCOME HOUSING ASSET FUND (LMIHAF) FOR CONSTRUCTION AND DEVELOPMENT OF THE MARY McDONALD RILEY STREET SENIOR APARTMENTS PROJECT AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH INCLUDING APPROVAL OF LONG-TERM USE AND AFFORDABILITY COVENANTS

WHEREAS, the City of Lake Elsinore ("City") is a municipal corporation organized and

WHEREAS, as of February 1, 2012, the City elected to act as the successor to the housing assets and functions of the former Redevelopment Agency of the City of Lake Elsinore in accordance with HSC Section 34176.1(a)(3)(A) ("Housing Successor"); and

WHEREAS, an approximately 5,641 square foot portion of APN 374-162-036 located on the northeast corner of Heald Avenue and Riley Street is home to the Mary McDonald historic landmark and was previously conveyed to the City for historic preservation purposes following approval by the Riverside Countywide Oversight Board and the California Department of Finance; and

WHEREAS, the remainder portion of APN 374-162-036 comprised of approximately 17,775 square feet (the "Property") was purchased by the City in its capacity as the Housing Successor for affordable senior housing; and

WHEREAS, on May 17, 2022, the Planning Commission approved Planning Application No. 2021-02 (Planning Design Review No. 2021-03) for the construction of a 16-Unit apartment complex and related improvements located at 200 N. Riley Street (APN: 374-162-036) ("Project"); and

WHEREAS, City staff has prepared a budget totaling \$8,687,500 ("Budget") and a proposed financing plan for the for the development of the Project; and

WHEREAS, the City has applied for and received an award of American Rescue Plan Act ("ARPA") funds in the amount of \$5,000,000 from the County of Riverside ("County") ("ARPA Loan") for construction and development costs of the Project as set forth in the ARPA Loan Agreement in such form as approved by the City Attorney and to be presented to the Riverside County Board of Supervisors on July 30, 2024; and

WHEREAS, in accordance with the Dissolution Law, the Housing Successor has established a Low and Moderate Income Housing Asset Fund ("LMIHAF"), the proceeds of which can only be used for affordable housing purposes; and

WHEREAS, there are sufficient funds in the LMIHAF to allocate the expenditure of up to \$3,687,500 for the development of the Project on the Property; and

WHEREAS, development of the Project on the Property for affordable housing purposes serves the common benefit of the functions of the Housing Successor and assists the City in meeting the State mandate to provide its regional fair share of housing affordable to extremely low income households; and

WHEREAS, staff desires that the City Manager, or his designee, be authorized to enter into construction and other development contracts for the Project in an aggregate amount not to exceed the Project Budget, disburse ARPA Loan funds in connection therewith in an aggregate amount not to exceed \$5,000,000, in compliance with the ARPA Loan Agreement, and expend up to \$3,687,500 from the LMIHAF for construction and development costs of the Project; and

WHEREAS, in accordance with California law, the City Attorney has prepared a Use Restriction With Affordability Covenants (Low and Moderate Income Housing Asset Funds) ("Use Restriction"), restricting the use and occupancy of 15 units in the Project to senior households (62+) whose gross income does not exceed 30% of area median income (AMI), as published annually by the California Department of Housing and Community Development (HCD) and requiring the 15 restricted units in the Project be rented at an "affordable rent" for a period of 55 years; and

WHEREAS, the proposed Project is exempt from the California Environmental Quality Act (Cal. Publ. Res. Code §§21000 et seq.: "CEQA") and the State CEQA Guidelines (14. Cal. Code Regs §§15000 et seq.), specifically pursuant to Section 15332 (Class 32 – In-Fill Development Projects) because the Project is consistent with the applicable General Plan designation and policies, as well as zoning designation and regulations, the Project is within the City's boundaries and on a site less than five acres surrounded by urban uses, the Property has no value as habitat, and approval of the Project will not result in any significant effects relating to traffic, noise, air quality, or water quality and the Project is adequately served by all required utilities and public services.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, ACTING AS SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF LAKE ELSINORE UNDER HEALTH & SAFETY CODE SECTION 34176(a)(1), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. That certain Loan Agreement for the Use of American Rescue Plan Act (ARPA) Funds by and between the City and the County and related agreements in substantially the forms presented to the City Council, with such minor changes as may be mutually agreed upon by the City Manager (or his duly authorized representative), in consultation with the City Attorney, and the loan set forth therein for \$5,000,000 to be secured by the Property, are approved.

SECTION 3. The Budget for development and construction of the Project on the Property in the form presented to the City Council is approved.

SECTION 4. Allocation of \$3,687,500 from the LMIHAF to fund the development of the Project is approved, and the City Manager (or his duly authorized representative), is authorized

and directed to to disburse such funds from the LMIHAF as needed to pay contracts and other expenses incurred in connection with the Project in accordance with the Budget.

SECTION 5. The Use Restriction in substantially the form presented to the City Council, with such minor changes as may be mutually agreed upon by the City Attorney, is approved.

SECTION 6. The Project is exempt from the California Environmental Quality Act (Cal. Publ. Res. Code §§21000 et seq.: "CEQA") and the State CEQA Guidelines (14. Cal. Code Regs §§15000 et seq.), specifically pursuant to Section 15332 (Class 32 – In-Fill Development Projects), because the Project is consistent with the applicable General Plan designation and policies, as well as zoning designation and regulations, the Project is within the City's boundaries and on a site less than five acres surrounded by urban uses, the Property has no value as habitat, and approval of the Project will not result in any significant effects relating to traffic, noise, air quality, or water quality and the Project is adequately served by all required utilities and public services..

SECTION 7. Upon approval by the City Council, the City Manager (or his duly appointed designee) is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest, the ARPA Loan Agreement on behalf of the City, including documents in the form of Attachments to the ARPA Loan Agreement, and the Use Restriction. In such regard, the City Manager (or his duly appointed designee) is authorized to sign the final versions of the ARPA Loan Agreement and Use Restriction after completion of any such non-substantive, minor revisions agreed to by the City Attorney. Copies of the final form of the Agreements, when duly executed and attested, shall be placed on file in the office of the City Clerk.

SECTION 8. In addition, the City Manager is authorized and directed to do any and all things, including, without limitation, the draw down and expenditure of ARPA Loan funds and LMIHAF, and to execute any and all additional documents, including, without limitation, construction contracts, which he may deem necessary or advisable to effectuate this Resolution, including all contracts and documents, which, in consultation with the City Attorney, he may deem necessary or advisable in order to carry out and implement the development of the Project on the Property and otherwise effectuate the purposes of this Resolution and to administer the City's obligations, responsibilities and duties to be performed under the ARPA Loan Agreement and Use Restriction. The City Manager is further authorized and directed to do any and all things, and to execute any and all documents, to insure that the Property shall be utilized by the City in accordance with the Community Redevelopment Law (Part 1(commencing with Section 33000)), as amended by Health and Safety Code Section 34176.1, and, in particular, for the development of affordable housing in accordance with Health and Safety Code Section 34176.1(a)((3)(A).

SECTION 9. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City Council hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 10. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

SECTION 11. This Resolution shall take effect immediately upon its adoption.

Passed and Adopted at a regular meeting of the City Council of the City of Lake Elsinore, California, this 23rd day of July 2024.

Steve Manos
Mayor

Attest:

Candice Alvarez, MMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF LAKE ELSINORE)

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2024-____ was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of July 23, 2024 and that the same was adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Candice Alvarez, MMC