

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager *D. Moe*

DATE: March 10, 2010 (CC Meeting of 3/17/10)

Subject: Consider \$600,000 Loan to the Redevelopment Agency of the City of Moorpark to Assist with Construction Financing for the Charles Street Rental Project and Transferring the Properties of 396, 406 and 436 Charles Street to the Redevelopment Agency of the City of Moorpark for Affordable Housing Purposes

BACKGROUND AND DISCUSSION

On April 1, 2009, the Redevelopment Agency of the City of Moorpark Board of Directors approved a Loan Agreement in the amount of \$350,000.00 with the Area Housing Authority of the County of Ventura ("AHA") to fund predevelopment expenses to entitle a 20 unit affordable housing project on Charles Street. The loan does not require any payments and will be repaid with the first draw of the construction loan for the project. Interest on the loan is accruing quarterly and the rate is based on the quarterly Local Agency Investment Fund (LAIF) rate. As of the date of this staff report, the AHA has utilized \$290,211.00 of the predevelopment loan.

On September 2, 2009, the Agency approved a Disposition and Development Agreement with the AHA to construct 20 units with a podium style building. The project would be 100% affordable and have a mixture of one, two and three bedroom units, ranging in size from 870 -1100 square feet ("Project").

The AHA submitted an application for tax credit financing to the Tax Credit Allocation Committee in conjunction with the City of Moorpark for the sole 2009 funding cycle. Unfortunately, the application was not funded due to a low Tie Breaker score.

Currently, the AHA and staff have been working on an application for the spring 2010 tax credit funding cycle. In an effort to boost the Tie Breaker score, staff is suggesting the Agency contribute \$600,000.00 or \$30,000.00 per unit into the Project in the form of a long term loan. The Agency contribution would increase the amount of local

contribution and provide greater leverage for the tax credits. As a result, the Project's Tie Breaker score would increase and provide a better chance the Project would be funded.

The Agency's commitment would be contingent upon the ability of the AHA to secure the needed tax credits for the Project. The loan to the AHA would have a thirty (30) year term and no interest. Payments would begin in year 11 and the AHA would not be penalized for prepayment. It is possible the loan could be paid off before or during the construction of the Project if the AHA is able to secure other financing such as HOME money.

A loan made from the City Housing Fund is needed to provide the Agency with sufficient funds to finance a loan to the AHA.

In accordance with Development Agreement dated August 30, 2007, Toll Land XX Limited Partnership transferred the properties of 396, 406 and 436 Charles Street ("Properties") to satisfy a portion of their affordable housing requirement for Tract 5463 and 5464 to the City of Moorpark. The Properties need to be transferred to the Agency to be disposed of to the Area Housing Authority of the County of Ventura through the Disposition and Development process.

FISCAL IMPACT

Due to other pending projects, the Agency's Low/Moderate Housing Fund does not currently have \$600,000.00 to fund the loan to the AHA. If the AHA is successful in securing tax credit financing in the calendar year 2010, then the City of Moorpark would need to make a loan to the Agency with City Housing Funds to finance the AHA loan. The loan would be repaid without interest to the City at the first opportunity when property owned by the Agency is sold for affordable housing purposes. The appropriation for the loan would occur after the tax credits are secured and the Project is initiated.

STAFF RECOMMENDATION

1. Approve a loan to the Redevelopment Agency of the City of Moorpark for \$600,000.00 from the City Housing Fund to assist with the construction of the Charles Street Rental Project and authorize Mayor to sign the loan agreement; and
2. Authorize the City Manager to execute all documents necessary to transfer the Properties to the Redevelopment Agency of the City of Moorpark.