

RESOLUTION NO. 19-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA, ACTING IN ITS CAPACITY AS THE HOUSING SUCCESSOR (AND, WITH RESPECT TO A DENSITY BONUS AGREEMENT AND CITY FEE AND PERMANENT LOANS, ALSO IN ITS CAPACITY AS THE CITY) APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT THAT INCLUDES SUCH DENSITY BONUS AGREEMENT AND SUCH CITY LOANS, WITH TEMECULA PACIFIC ASSOCIATES, FOR THE “VINE CREEK” 60 UNIT APARTMENT PROJECT, AND THE TAKING OF RELATED ACTIONS, AND FIND THAT A MITIGATED NEGATIVE DECLARATION HAS BEEN APPROVED FOR THE PROJECT AND NO FURTHER CEQA REVIEW IS REQUIRED

THE CITY COUNCIL OF THE CITY OF TEMECULA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. **Recitals.** The City Council of the City of Temecula (the “City”) hereby finds, determines and declares that:

(a) The Redevelopment Agency of the City of Temecula (the “**Former Agency**”) was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the “**Redevelopment Law**”) set forth in Section 33000 et seq. of the Health and Safety Code (“**HSC**”) of the State of California (the “**State**”).

(b) Under the Redevelopment Law, the Former Agency was authorized, among other things, to provide assistance to the development of affordable housing projects.

(c) Pursuant to AB X1 26 (which became effective in June 2011), and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, and the Successor Agency to the Temecula Redevelopment Agency (the “**Successor Agency**”) was constituted as the successor entity to the Former Agency.

(d) Pursuant to HSC Section 34175(b), all assets of the Former Agency transferred to the Successor Agency by operation of law; provided, that pursuant to HSC Section 34176 and Resolution No. 12-11, adopted by the City Council on January 24, 2012, the City elected to assume the housing functions of the Former Agency (in such capacity, the “**Housing Successor**”) and, consequently, housing assets approved on the Housing Asset List (defined below) are transferred to the Housing Successor.

(e) Pursuant to HSC Section 34176(a)(2), the City prepared a housing asset list (the “**Housing Asset List**”), listing all of the Former Agency’s housing assets to be transferred to the Housing Successor and submitted it to the State Department of Finance (the “**DOF**”) for

approval. The DOF issued a letter dated July 3, 2013, approving the Housing Asset List, with certain modifications.

(f) The land bearing APN's 922-053-021-2, 048-7 and 047-6 ("**Land**") is included on the Housing Asset List.

(g) Temecula Pacific Associates, a California limited partnership ("Developer") desires to acquire the Land to construct a 60-unit multifamily apartment complex to be known as "Vine Creek Apartments" (the "**Project**").

(h) Developer desires to obtain an incentive and waiver consisting of a reduction of required parking spaces to 102 under the density bonus provisions of the Temecula Municipal Code conditioned upon entering into a density bonus housing agreement that restricts ten (10) apartment units to extremely low, very low, and low-income households at affordable rent ("**DB Regulatory Agreement**"). The Planning Commission approved the reduction in parking spaces on February 20, 2019.

(i) Developer desires to enter into a Disposition and Development Agreement ("**DDA**") to acquire the Land and develop the Project. The form of the DDA negotiated by staff is attached hereto as Exhibit "A" and includes the form of the DB Regulatory Agreement that is attached hereto as Exhibit "B."

(j) The DDA also includes (i) a purchase money loan from the City as housing successor for the purchase price of the Land, which will be in the amount of the fair market value of the Land ("**Purchase Money Loan**"); (ii) a \$698,281 loan by the City of development fees; and (iii) a \$1,301,719 permanent loan by the City that is conditioned upon the City receiving funds in 2019-20 and 2020-21 from the Successor Agency to Temecula Redevelopment Agency as payments of obligations to the City and shall be limited in amount to those funds (collectively, such deferred fee loan and contingent permanent loan are hereinafter collectively referred to as the "**City Loans**").

(k) Developer will be seeking an allocation of low-income housing tax credits and is contemplating a financing transaction (the "**Financing**") to fund the Project.

(l) A report (the "**Section 33433 Report**"), consistent with the requirements of HSC Section 33433, has been prepared by Keyser Marston Associates, Inc., regarding the DDA. A copy of the Section 33433 Report is on file at the office of the City Clerk and has been made available for public inspection.

(m) Pursuant to HSC Section 33433, the City Council held a noticed public hearing on this day pursuant to HSC Section 33433 on the DDA.

Section 2. Approval of Agreement. The DDA, in the form set forth in Attachment A (including the DB Regulatory Agreement, and terms for the Purchase Money Loan and the City Loans), is hereby approved. The Mayor (or in the Mayor's absence, the Mayor Pro Tem) and the City Manager (each, an "**Authorized Officer**"), acting individually, is hereby authorized to execute and deliver the DDA, for the City as the Housing Successor and the City as a city in substantially such form, with changes therein as the Authorized Officer

executing the same may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 3. **HSC Section 33433 Findings.** For purposes of HSC Section 33433, the City Council hereby finds as follows: (i) the sale of the Land pursuant to the DDA will provide housing low or very low income persons, and (ii) the consideration received by the City, as the Housing Successor, is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the DDA.

Section 4. **Approval of DB Regulatory Agreement.** The Density Bonus Regulatory Agreement in the form set forth in Attachment B, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized to execute and deliver such instrument.

Section 5. **Other Acts.** The Authorized Officers and all other officers of the City are hereby authorized, jointly and severally, to do all things, including the execution and delivery of documents and instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution, the DDA, the Purchase Money Loan, the City Loans, the DB Regulatory Agreement and the financing. The City Clerk is authorized to attest to the City officers' signatures to any such document or instrument.

Section 6. **CEQA Findings.** On February 20, 2019, the Planning Commission of the City of Temecula adopted Resolution No. PC19-01 making certain findings pursuant to the California Environmental Quality Act ("CEQA") and adopting a Mitigated Negative Declaration in accordance with CEQA. The Planning Commission also adopted Resolution Nos. 19-02, 19-03, 19-04 and 19-05 approving the following land use entitlements for the Project: (1) Planning Application Numbers PA18-0081, a Development Plan to allow a three-story affordable multi-family project totaling sixty units with fifteen units available for special needs occupants (twelve units for autism and three units for sensory); (2) PA18-1230, a Minor Exception for parking to reduce the off-street parking requirement from 113 to 102 spaces; (3) PA18-0497, a Tentative Parcel Map to create one lot from three; and (4) PA18-0692, a Certificate of Historical Appropriateness for the location of the former railroad turntable. The project is generally located approximately 130 feet north of the Main Street and Pujol Street intersection, on the east side of Pujol Street. The Council finds that none of the circumstances described in Section 15162 and 15163 of the CEQA guidelines exists and, therefore no further environmental review is required.

Section 7. **Certification.** The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Temecula
this 25th day of June, 2019.

Michael S. Naggar, Mayor

ATTEST:

Randi Johl, City Clerk

[SEAL]

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss
CITY OF TEMECULA)

I, Randi Johl, City Clerk of the City of Temecula, do hereby certify that the foregoing
Resolution No. 19- was duly and regularly adopted by the City Council of the City of
Temecula at a meeting thereof held on the 25th day of June, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Randi Johl, City Clerk

ATTACHMENT A

Form of DDA

(Attached)

ATTACHMENT B

Form of Density Bonus Regulatory Agreement

(Attached)