

RESOLUTION NO. 2020-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION HOME INVESTMENT PARTNERSHIPS LOAN TO CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING IN THE PRINCIPAL AMOUNT OF \$1,145,000, APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT, REGULATORY AGREEMENT AND RELATED LOAN DOCUMENTS, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to City Council action of _____, 2020 the City of Merced (the "City"), approved the execution of a Disposition and Development Agreement dated _____, 2020 (the "DDA") with Merced CA Apartments, L.P., (the "Developer") which, among other things, provided for certain financial assistance in the form of loans from the City to the Developer;

WHEREAS, pursuant to the DDA, the City agreed to make a loan in the amount of One Million One Hundred Forty Five Thousand Dollars (\$1,145,000) (the "CHDO HOME Loan") to the Central Valley Coalition for Affordable Housing (the "Sponsor"), who is the Managing Member of Developer's Managing General Partner, to finance the construction of a multi-family affordable residential rental project (the "Project") on the Site (as described in the DDA);

WHEREAS, in consideration for the CHDO HOME Loan, the Project is to consist of one hundred nineteen (119) affordable units, of which six (6) Units described below (the "HOME Assisted Units") shall be restricted under HOME Investment Partnership Program regulations as follows:

- (a) Household Income Restrictions. The household incomes for the tenants residing in the six (6) HOME Assisted Units will be restricted as follows:
 - i. Two (2) of the one-bedroom Units designated for persons or families earning less than 30% of the Merced County

Median Income ("Median") shall also be designated as HOME Assisted Units.

- ii. Two (2) of the two-bedroom Units designated for persons or families earning less than 50% of the Median shall also be designated as HOME Assisted Units.
- iii. Two (2) of the three-bedroom Units designated for persons or families earning less than 50% of the Median shall also be designated as HOME Assisted Units for a period of fifty-five (55) years;

WHEREAS, the City has previously received a grant from the U.S. Department of Housing and Urban Development ("HUD") made to the City pursuant to the Community Housing Development Organization HOME Investment Partnership Program funds ("CHDO HOME Program") pursuant to and in accordance with a Funding Approval and Community Housing Development Organization HOME Investment Partnerships Agreement under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, from which funds the City intends to make the CHDO HOME Loan to the Sponsor;

WHEREAS, the CHDO HOME Loan is being made pursuant to, and is subject to the CHDO HOME Program, established and governed by Title II of Public Law No. 101-625, 104 Stat. 4079 (Nov. 28, 1990), (42 USC 12701), known as the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended by the Housing and Community Development Act of 1992, Public Law No. 102-550, the requirements of 24 CFR part 92, the State HOME Investment Partnerships Program Act (25 CCR Sections 8200 et. seq.) and the State Uniform Multifamily Regulations (25 CCR Sections 8300 et. seq.), as applicable (the "Law");

WHEREAS, the City Council of the City, with the aid of its staff, has reviewed the documentation related to the CHDO HOME Loan, which documentation is on file with City Clerk of the City; and,

WHEREAS, the City now desires to authorize the making of the CHDO HOME Loan to the Sponsor pursuant to that certain Deed Restriction Covenant and Loan Agreement, dated _____, ____ (the "CHDO HOME Loan Agreement"), by and between the City and the Sponsor, to be funded from moneys of the CHDO HOME Program, and subject to all applicable provisions and

regulations of the Law, the Standard Agreement, and the Loan Documents as defined in the CHDO HOME Loan Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The City hereby approves and authorizes the CHDO HOME Loan in the amount of One Million One Hundred Forty-Five Thousand Dollars (\$1,145,000) to Sponsor, to be funded from grant proceeds of the HOME Program, all in accordance with the terms and conditions of the CHDO HOME Loan Agreement. The CHDO HOME Loan is also subject to terms and provisions of the Law, the Standard Agreement and all applicable rules and regulations applicable to the HOME Program.

SECTION 2. The City hereby approves and authorizes the execution of the CHDO HOME Loan Agreement, substantially in the form presented at this meeting and on file with the City Clerk of the City, with such revisions, amendments and completions as shall be approved by the Mayor or City Manager, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

SECTION 3. The CHDO HOME Loan will be evidenced by a Note (the "CHDO HOME Promissory Note") executed by the Sponsor in favor of the City and delivered concurrently with the execution of the CHDO HOME Loan Agreement. Repayment of the CHDO HOME Note will be secured by a Deed of Trust and Security Agreement with the Developer (the "Trust Deed"), covering the Site and the Project. The City hereby approves the CHDO HOME Promissory Note and the Trust Deed substantially in the forms presented at this meeting and on file with the City Clerk of the City, with such revisions, amendments and completions as shall be approved by an Authorized Officer. The Developer shall execute the Trust Deed in favor of Fidelity National Title as Trustor in trust for the benefit of City and deliver it to escrow for recordation.

SECTION 4. The City hereby approves and authorizes the execution of that certain (a) Regulatory Agreement and Declaration of Restrictive Covenants (the "CHDO HOME Regulatory Agreement"), by and between the City and the Sponsor substantially in the forms presented at this meeting and on file with the

City Clerk of the City, with such revisions and amendments as shall be approved by an Authorized Officer with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer. The City Clerk shall deliver the CHDO HOME Regulatory Agreement and the CHDO HOME Notice to escrow for recordation.

SECTION 5. Any one of the Authorized Officers, and each of them, is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable, in order to consummate the CHDO HOME Loan and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

SECTION 6. The City Clerk shall certify as to the adoption of this Resolution, which shall be in full force and effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Merced, at a regular meeting held on the _____ day of _____ 2020, by following called vote:

AYES Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

APPROVED

Mayor

ATTEST:
STEPHANIE R. DIETZ, INTERIM CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM

BY: Stephanie R. Dietz 9-29-2020
City Attorney Date