

RESOLUTION NO. 2011-168

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE APPROVING A FUNDING COMMITMENT UP TO THE AMOUNT OF FIVE MILLION SIX HUNDRED THOUSAND DOLLARS (\$5,600,000) FROM THE CITY'S AFFORDABLE HOUSING FUND AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE IMPLEMENTING LOAN DOCUMENTS FOR THE VINTAGE LAGUNA II AFFORDABLE HOUSING DEVELOPMENT BY LAGUNA SENIORS II, LP

WHEREAS, the City of Elk Grove (the "City") has recognized the need to provide affordable housing to all economic segments of the City's population; and

WHEREAS, the City's affordable housing development impact fee provides financial resources to promote and assist in the development of new affordable housing in the City; and

WHEREAS, the Affordable Housing Fund may be used to provide assistance with new rental residential development costs for low-income and very low-income housing; and

WHEREAS, Laguna Seniors II, LP, proposes to develop a sixty-eight (68) unit affordable housing project plus one (1) unit for a property manager and has submitted a request for gap financial assistance from the City to help achieve financial feasibility for the project and maximize the affordability of project units; and

WHEREAS, the use of the City's housing funds in the manner described below will be of benefit to the City in assisting in the development of affordable housing opportunities for low- and very low-income households; and

WHEREAS, the proposed Vintage Laguna II Apartments project would provide housing that furthers the goals and policies of the City's General Plan Housing Element in a manner consistent with the state mandated Regional Housing Needs Allocation requirement determined by the Sacramento Area Council of Governments for the City; and

WHEREAS, the proposed Vintage Laguna II Apartments project is also consistent with the intent of Resolution No. 2004-223 regarding the imposition of the affordable housing fee, and the collection and administration of the fee; and

WHEREAS, the commitment of financial resources is not a "project" subject to the California Environmental Quality Act because it is a funding mechanism having no direct physical effect on the environment, and the underlying development project and this subsequent project (the loan commitment) are exempt from the California Environmental Quality Act pursuant to the California Code of Regulations, Title 14, Chapter 3 (State CEQA Guidelines) Section 15332, because the project is characterized by infill development.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk

Grove hereby approves the loan request for the Vintage Laguna II Apartments affordable housing development and does hereby determine that:

- 1) The City shall loan up to five million six hundred thousand dollars (\$5,600,000) to the Vintage Laguna II Apartments project ("Funding Commitment").
- 2) The Director of Finance is authorized to transfer from the Affordable Housing Fund up to five million six hundred thousand dollars (\$5,600,000) to the Vintage Laguna II Apartments project based on the disbursement schedule identified in the Loan Agreement.
- 3) At the request of Laguna Seniors II, LP, the City shall accept a Completion Guarantee, in a form acceptable to the City, in lieu of payment bonding and performance bonding.
- 4) The City Manager is authorized to execute any and all documents required for the making of the Funding Commitment, including without limitation, the documents necessary for the use of the allocated funds and the documents necessary to make, reasonably administer, and enforce the affordability requirements of the Funding Commitment, such as an Affordable Housing Loan Agreement, Secured Promissory Note, Deed of Trust, Regulatory Agreement, and Subordination Agreement (collectively, the "Loan Documents") in the same substantial form as the Loan Documents attached to the August 24, 2011 City Council staff report; provided however, that the Funding Commitment and other agreements shall be made in accordance with all applicable law, regulations, and policies regarding the making of the loan and use of the allocated funds.
- 5) The City Manager is authorized to make technical and other minor non-substantive amendments to the Loan Documents when such amendments are in accordance with the Funding Commitment, with City policy, with this resolution, and with the approval of such amendments by the City Attorney.
- 6) The Funding Commitment is contingent upon Laguna Seniors II, LP providing or demonstrating to the satisfaction of the City:
 - a. Title Insurance
 - b. An ALTA Loan Extended Coverage Policy of Title Insurance in the amount of the City loan
 - c. Close of bond and equity financing for the project
 - d. Copies of the loan documents and other agreements for every lender and investor associated with the project
 - e. Maintenance of good financial standing
 - f. Organizational and financial documents of Laguna Seniors II, LP, the general partner entities approved by the City, and the investment limited partners, on behalf of Laguna Seniors II, LP
 - g. Submittal of the City required due diligence documents at each loan disbursement

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 24th day of August 2011.



STEVEN M. DETRICK, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:


JASON LINDGREN, CITY CLERK
JONATHAN HOBBS,
INTERIM CITY ATTORNEY

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2011-168**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

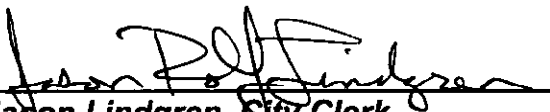
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on August 24, 2011 by the following vote:

AYES : **COUNCILMEMBERS:** *Detrick, Cooper, Davis, Hume, Scherman*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



**Jason Lindgren, City Clerk
City of Elk Grove, California**