

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9432-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE HOME INVESTMENT PARTNERSHIP AFFORDABLE HOUSING AND LOAN AGREEMENT (SYCAMORE COURT HOUSING PROJECT); AUTHORIZING THE CITY MANAGER TO IMPLEMENT THE HOME AGREEMENT AND PROJECT DOCUMENTS; FINDING AND DETERMINING THE NEW PROJECT IS CATEGORICALLY EXEMPT UNDER CEQA; AND, MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH

WHEREAS, the City of Garden Grove ("City") is a California general law city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development ("HUD") that has received funds ("HOME Funds") from HUD pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92 (together, "HOME Program");

WHEREAS, the HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and lower income households in accordance with the HOME Program; and, the HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families;

WHEREAS, Mariman & Co., a California corporation, has entered into an agreement to purchase two (2) parcels of real property located at 10632 Bolsa Avenue in the city ("Properties"), which are improved with seventy-eight (78) residential rental Housing Units in six (6) two story buildings; and

WHEREAS, Mariman & Co. has assigned or will assign in connection with such purchase agreement and the subject transaction all of its rights and obligations under thereunder to 10632 Bolsa Avenue, LP, a California limited partnership ("Developer");

WHEREAS, Developer and City desire to enter into that certain HOME Investment Partnership Affordable Housing And Loan Agreement (Sycamore Court Housing Project) ("HOME Agreement"), and capitalized terms used in this Resolution are as defined in the HOME Agreement or as otherwise defined herein;

WHEREAS, under the HOME Agreement the City will commit and provide a subordinate loan of \$1,200,000 ("City Loan") sourced solely from the HOME Program to facilitate Developer's acquisition, substantial rehabilitation and operation of the Properties as affordable rental housing to be made available to and occupied by qualified and eligible very low income households and lower income households at an

affordable rent pursuant to the HOME Agreement and the Regulatory Agreement appended thereto ("Project");

WHEREAS, all or a portion of the HOME Funds to be contributed to the Project by the City under the HOME Agreement have been reserved for investment only in housing to be owned, developed or sponsored by a community housing development organization ("CHDO") pursuant to and as defined in the HOME Regulations, and the parent affiliate of the Developer entity managing general partner, AOF/Golden State Community Development Corp., which is a qualified CHDO;

WHEREAS, on December 14, 2016, California Tax Credit Allocation Committee ("TCAC") awarded Developer an allocation of 4% Tax Credits and also on December 14, 2016 the California Debt Limit Allocation Committee ("CDLAC") awarded Developer a bond allocation and the California Public Financing Authority will issue multifamily housing mortgage revenue bonds in an aggregate amount of \$14,400,000 ("Bonds") as the permanent, senior financing for the Project;

WHEREAS, further, the Project consists of the rehabilitation, improvement and replacement of dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households, as defined in Section 50079.5 of the Health and Safety Code, and consists of the acquisition and rehabilitation of a rental housing development which, prior to the date of the Agreement, was subject to a contract for federal assistance for the purpose of providing affordable housing for low-income households (through the existing HAP Contract) and the Project is renewing the HAP Contract with HUD for the purpose of providing affordable housing for low-income households and therefore the Project does not constitute a low-rent housing project within the meaning of Section 1 of Article XXXIV of the California Constitution;

WHEREAS, the City is investing in the Project and providing the City Loan to Developer to cause and qualify all Housing Units as long-term affordable housing for very low and lower income households, including the HOME Units under the HOME Program during the HOME Compliance Period and all Housing Units too qualifying as replacement housing as to four Housing Units to meet existing replacement housing obligations under the *Limon* Judgment and the balance of the Housing Units also qualifying as reserved or banked replacement housing under federal or state laws, as, if and when necessary for the City or its affiliated entities, including the Garden Grove Housing Authority and the Successor Agency to the Garden Grove Agency for Community Development to meet federal or state replacement housing requirements;

WHEREAS, under the California Environmental Quality Act, California Public Resources Code Section 21000, *et seq.*, and the implementing regulations at Title 14 California Code of Regulations Section 15000, *et seq.*, in particular Sections 15301, 15326, 15354 and 15374 (together, "CEQA"), provide that certain existing facilities

and affordable housing projects establish that the Project are categorically exempt from CEQA;

WHEREAS, the Project meets the categorical exemption set forth in Section 15301 (Class 1 Facilities) that consist of the operation, repair, maintenance, permitting, leasing, licensing, or alteration of existing public or private structures, and Section 15326 (Class 26: Acquisition of Housing for Housing Assistance Programs) that consist of actions by a housing authority implementing an affordable housing project;

WHEREAS, in connection with the HOME Agreement, the City prepared an environmental assessment in accordance with the National Environmental Policy Act and determined that the Project is categorically excluded thereunder, including 24 CFR 58.35;

WHEREAS, the City's participation and subsidy to the Project will be in the public interest in that it will increase the number of affordable housing units within the City and carry out the objectives of the City's Housing Element of its General Plan; and

WHEREAS, the City Council desires by this Resolution to approve the HOME Agreement for implementation of the Project and provision of affordable housing and replacement housing under federal and state laws.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES:

1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

2. As the lead agency under CEQA, the City Council finds and determines that the Agreement and the Project to be implemented by the Project documents meet the categorical exemptions under CEQA and categorical exclusion under NEPA as cited in the above recitals, including Class 1 Existing Facilities: operation, repair, maintenance, permitting, leasing, licensing, or alteration of existing public or private structures, and Class 26: Acquisition of Housing for Housing Assistance Programs: actions by a housing authority implementing an affordable housing project.

3. The City participation in the financing of the Project and the provision of replacement housing units in implementation of the *Limon* Judgment and for reservation and banking of future replacement housing requirements meet statutory exceptions to, and do not constitute development, construction or acquisition of a low-rent housing project within the meaning of, Article XXXIV of the State Constitution; in any event, this Resolution is intended to and constitutes an approval within the meaning of California Health and Safety Code Section 36005 of a development that may result in housing assistance benefiting persons of low income.

4. The City Council hereby approves the HOME Agreement with such changes as may be mutually agreed upon by the City Manager, and his duly authorized representative(s), the City Attorney and special counsel, as are minor and in substantial conformance with the form of the HOME Agreement (Attachment No. 1) submitted herewith. The Mayor, City Manager and their duly authorized representatives (together, "Authorized Officers") are hereby authorized, as applicable, to execute and attest the HOME Agreement, including any related attachments and implementing documents, on behalf of the City. In such regard, the Authorized Officers are authorized to sign or attest the final version of the HOME Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the HOME Agreement, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the Authorized Officers are authorized to implement the HOME Agreement and take all further actions and execute all documents referenced therein or necessary and appropriate to carry out the transaction contemplated by the HOME Agreement. The Authorized Officers are also authorized to the extent necessary during the implementation of the HOME Agreement to make technical or minor changes and interpretations thereof after execution, as necessary to properly implement and carry out the HOME Agreement, including all exhibits thereto, provided any and all such changes shall not in any manner materially affect the rights and obligations of the City under the HOME Agreement.

5. The City Clerk shall certify to the adoption of this Resolution.

Adopted this 13th day of June 2017.

ATTEST:

/s/ STEVEN R. JONES
MAYOR

/s/ TERESA POMEROY, CMC
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on June 13, 2017, by the following vote:

AYES:	COUNCIL MEMBERS:	(7)	BEARD, O'NEILL, NGUYEN T., BUI, KLOPFENSTEIN, NGUYEN K., JONES
NOES:	COUNCIL MEMBERS:	(0)	NONE
ABSENT:	COUNCIL MEMBERS:	(0)	NONE

/s/ TERESA POMEROY, CMC
CITY CLERK

ATTACHMENT NO. 1

MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT

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Recording Requested By and
When Recorded Mail To:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Clerk

Recorded in Official Records, Orange County
Hugh Nguyen, Clerk-Recorder



NO FEE

2017000273573 4:19 pm 06/30/17

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N45-728192

This document is exempt from the payment of a recording
fee under Government Code Sections 27383 and 6103.

**MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT
(Sycamore Court Housing Project)**

This **MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE HOUSING AND LOAN AGREEMENT (Sycamore Court Housing Project)** ("Memorandum"), dated for identification purposes as of June 20, 2017, is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), and **10632 BOLSA AVENUE, LP**, a California limited liability company ("Developer").

A. Agreement. City and Developer have executed a HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) ("Agreement"), dated as of June 13, 2017, which provides for (1) Developer's acquisition and Rehabilitation of certain real property in the City of Garden Grove, California, more fully described in Exhibit A attached hereto and incorporated herein by this reference ("Properties"), improved with a 78-unit apartment complex, and (2) Developer's Rehabilitation of the multi-family apartment buildings and the apartment units located at the Properties ("Project"). The Agreement further provides for Developer to rent the rehabilitated apartment units to 50% AMI Very Low Income Households, and 60% AMI Low Income Households at an Affordable Rent for long term use and occupancy by such qualified households. The Agreement is available for public inspection and copying at the office of the City located at 11222 Acacia Parkway, Garden Grove, California. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Memorandum by reference as though written out at length herein, and the Agreement and this Memorandum shall be deemed to constitute a single instrument or document.

B. Purpose of Memorandum. This Memorandum is prepared for recordation purposes and as such is and shall remain an advisement of record of all requirements and covenants by Developer to perform under the agreement. Nothing in this Memorandum in any way modifies the terms, conditions, provisions and covenants of the Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Agreement, the terms, conditions, provisions and covenants of the Agreement shall prevail.

C. Counterparts. This Memorandum may be executed in counterparts and may be delivered by facsimile or otherwise.

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Recording Requested By and
When Recorded Mail To:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Clerk

NC5-728192

This document is exempt from the payment of a recording
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C. Counterparts. This Memorandum may be executed in counterparts and may be delivered by facsimile or otherwise.

D. **Term.** This Memorandum shall terminate and be of no further force and effect upon the full repayment of the City Loan, thereafter, the only terms and provisions of the Agreement which shall survive and remain in effect are those set forth in the Regulatory Agreement (Attachment No. 11 to the Agreement).

NOW THEREFORE, the parties have executed this Memorandum of HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) as of the date specified in the first paragraph hereof.

DEVELOPER:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: 
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: 
Rudy Mariman, President

[Signatures continue on following page.]

[Signatures continue from previous page.]

CITY:
CITY OF GARDEN GROVE,
a California municipal corporation

By:  _____
City Manager or Authorized Designee

ATTEST:

 _____
City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

 _____
Special Counsel to City

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF ORANGE

)
) ss.
)

On June 20, 2017 before me, Allison Wilson, Notary Public,

personally appeared Scott Stiles, who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose names~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Allison Wilson
SIGNATURE OF NOTARY PUBLIC



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

On 06-26-2017 before me, Jeanette R. Atlas, Notary Public
(insert name and title of the officer)

personally appeared Rudy Mariman
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jeanette R. Atlas (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

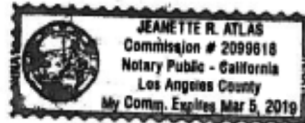
State of California
County of Los Angeles

On 06-26-2017 before me, Jeanette R. Atlas, Notary Public
(insert name and title of the officer)

personally appeared Ajay Navar
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jeanette R. Atlas (Seal)

**Memorandum of Agreement
Exhibit A
Legal Description**

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)