

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	AFFORDABLE HOUSING AGREEMENTS WITH TAMERLANE ASSOCIATES, LLC FOR UNITS LOCATED AT 12162 AND 12172 TAMERLANE DRIVE		
		Date:	January 26, 2010

OBJECTIVE

To have the Garden Grove Agency for Community Development (Agency) consider the adoption of two (2) Resolutions (Attachments 1 and 2) approving an Affordable Housing Agreement (AHA) with Tamerlane Associates, LLC (Developer) for the purchase and rehabilitation of a multi-family housing complex consisting of four (4) units located at 12162 Tamerlane Drive (Attachment 3) and an AHA for a multi-family housing complex consisting of six (6) units at 12172 Tamerlane Drive (Attachment 4).

BACKGROUND/DISCUSSION

The Developer is currently in the process of acquiring two (2) multi-family, rental housing complexes located on Tamerlane Drive. Upon acquisition of the properties, the Developer intends to make improvements to the interior and exterior of the site in the amount of \$15,193 per unit at 12162 Tamerlane and \$14,604 per unit at 12172 Tamerlane ("Improvements").

Agency staff prepared two (2) Agreements for the Agency's consideration in providing financial assistance to the Developer to acquire the properties, complete the proposed Improvements and restrict the rents to affordable households (earning 60% of the area median income) for a fifty-five (55) year period. This purchase of the long-term affordability covenants would allow the Agency to apply the units towards the Agency's inclusionary and replacement housing requirements under California Redevelopment Law.

The Agency assistance shall be in the form of a loan in the amount of \$592,076 with a Developer fee of \$32,000 for 12162 Tamerlane Drive and a loan of \$980,649 and a Developer Fee of \$50,000 for 12172 Tamerlane Drive (with the potential to earn additional compensation for the long term hold of

either property). Under both Agreements, the Agency loans shall accrue simple interest at the rate of three percent (3%) per annum. Payments of the Agency loans shall be made on an annual basis from seventy-five percent (75%) of the residual cash flow ("Net Profits") from the operation of the properties until the entire principal amount of the Promissory Note is repaid in full.

FINANCIAL IMPACT

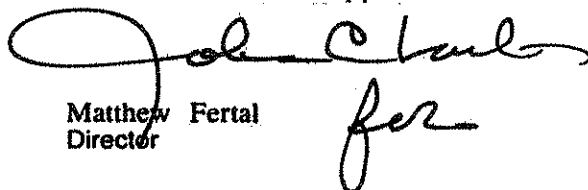
- Pursuant to the AHAs, Agency assistance is in the amount of \$624,076 for the property located 12162 Tamerlane Drive and \$1,030,649 for the property located at 12172 Tamerlane Drive to be financed using Redevelopment/Housing Set Aside Fund.

RECOMMENDATION

- Adopt the attached Resolutions approving the Affordable Housing Agreements and authorizing the Agency Director to execute the Agreements on behalf of the Agency.


CHET YOSHIZAKI
Economic Development Director

By: Greg Brown 
Redevelopment Manager

Recommended for Approval

Matthew Fertal
Director

Attachment 1: Resolution 12162 Tamerlane Drive
Attachment 2: Resolution 12172 Tamerlane Drive
Attachment 3: Affordable Housing Agreement 12162 Tamerlane Drive
Attachment 4: Affordable Housing Agreement 12172 Tamerlane Drive
Attachment 5: Map

RESOLUTION NO. _____

**A RESOLUTION OF THE GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT APPROVING A
AFFORDABLE AGREEMENT BETWEEN THE
GARDEN GROVE AGENCY FOR COMMUNITY
DEVELOPMENT AND TAMERLANE ASSOCIATES, LLC,
AND MAKING CERTAIN OTHER FINDINGS IN
CONNECTION THEREWITH**

WHEREAS, Agency is a redevelopment agency duly formed, existing, and exercising powers pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”), and as required by Sections 33334.2 and 33334.3 of the CRL has deposited funds into its Low and Moderate Income Housing Fund (“Housing Fund”) for the purpose of providing subsidies to, or for the benefit of, persons and families of low or moderate income, to assist them to obtain housing within the community at an affordable housing cost; and

WHEREAS, Tamerlane Associates, LLC, a California limited liability company (“Developer”) Owner has entered or will enter into an agreement or agreements to purchase a parcel of real property in the City of Garden Grove (“City”), generally located at 12162 Tamerlane Drive, Garden Grove, California, and described as Assessor’s Parcel Number 231-471-36 (“Site”); and

WHEREAS, Developer desires to rehabilitate and operate an apartment complex on the Site (“Project”), consisting of four (4) apartment units (each, a “Housing Unit”); and

WHEREAS, Developer and Agency desire to enter into an Affordable Housing Agreement (“Agreement”) pursuant to which Agency will provide a loan to Developer in an amount of Five Hundred Ninety-Two Thousand, Seventy-Six Dollars (\$592,076) (“Agency Loan”) and a payment of Thirty-Two Thousand Dollars (\$32,000) in exchange for Developer’s agreement to restrict the use, operation, rental, and occupancy of four (4) of the Housing Units at the Project to Lower Income Households paying an Affordable Rent throughout a term of not fewer than fifty-five (55) years; and

WHEREAS, initially capitalized terms used herein and not expressly otherwise defined shall have the meanings ascribed to them in the Agreement; and

WHEREAS, the terms of the Agreement and the Regulatory Agreement to be executed by Developer pursuant thereto and the implementation thereof by Agency and Developer are in accordance with the provisions set forth in the implementation plan adopted by Agency according to Section 33490 of the CRL; and

WHEREAS, Agency’s acquisition of the Affordability Covenants for the 55-year term and payment of the Agency Loan to Developer and Developer’s operation of the Project pursuant to the Agreement and in compliance with the recorded Affordability Covenants is in the vital and best interest of the Agency and City and the health, safety and welfare of its residents; and

WHEREAS, the City Council of the City has approved by ordinances, both the original adoption and amendments thereto, the Amended and Restated Redevelopment Plan for the Community Project Area; and

WHEREAS, the 4-unit Project is located within and will be of benefit to the Community Project Area by providing long-term affordable housing, including housing units eligible and available and/or to be banked as replacement housing units pursuant to Health & Safety Code Section 33413(a), or, alternatively, as determined and solely elected by the Agency, to be eligible and available and/or to be banked as inclusionary housing units pursuant to Health & Safety Code Section 33413(b); and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the Project is in the best interests of the Agency and City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Agency for Community Development as follows:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution and are fully incorporated herein.

Section 2. The Agency hereby finds and determines that the 4-unit Project will be of benefit to Community Project Area by providing long-term affordable housing within the City.

Section 3. The Agency hereby approves the Agreement between Agency and Developer with such changes as may be mutually agreed upon by the Agency Director (or his duly authorized representative), Agency legal counsel, and Developer as are minor and in substantial conformance with the form of the Agreement which has been submitted herewith. The Agency Director and the Agency Secretary are hereby authorized to execute and attest the Agreement, including any related attachments, on behalf of Agency. In such regard, the Agency Director (or his duly authorized representative) is authorized to sign the final version of the Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement, when duly executed and attested, shall be placed on file in the office of the Agency Secretary. Further, the Agency Director (or his duly authorized representative) is authorized to implement the Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the Project as provided for within the Agreement. The Agency Director (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to make technical or minor changes and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement, provided any and all such changes shall not in any manner materially affect the rights and obligations of the Agency or the expense to the Agency under the Agreement approved hereby.

Section 4. In addition to the authorization of Section 4 above, the Agency Director is hereby authorized, on behalf of Agency, to sign all other documents necessary or appropriate to carry out and implement the Agreement, including causing the issuance of warrants in implementation thereof and to administer and carry out Agency's obligations, responsibilities and duties to be performed under the Agreement, subject to the provisions thereof.

Section 5. The Agency Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this ____ day of _____, 2010.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

Chairperson

ATTEST:

Agency Secretary

STATE OF CALIFORNIA)
COUNTY OF _____)
CITY OF _____)

I, Kathy Bailor, Secretary of the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution No. _____ was introduced and adopted at an adjourned regular meeting of the Agency held on the ____ day of _____, 2009 by the following vote of the members thereof:

AYES: MEMBERS:

NOES: MEMBERS:

ABSENT: MEMBERS:

ABSTAIN: MEMBERS:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

Secretary

ATTACHMENT TO RESOLUTION

ATTACH COPY OF FINAL AFFORDABLE HOUSING AGREEMENT

ATTACHMENT TO RESOLUTION

RESOLUTION NO. _____

**A RESOLUTION OF THE GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT APPROVING A
AFFORDABLE AGREEMENT BETWEEN THE
GARDEN GROVE AGENCY FOR COMMUNITY
DEVELOPMENT AND TAMERLANE ASSOCIATES, LLC,
AND MAKING CERTAIN OTHER FINDINGS IN
CONNECTION THEREWITH**

WHEREAS, Agency is a redevelopment agency duly formed, existing, and exercising powers pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”), and as required by Sections 33334.2 and 33334.3 of the CRL has deposited funds into its Low and Moderate Income Housing Fund (“Housing Fund”) for the purpose of providing subsidies to, or for the benefit of, persons and families of low or moderate income, to assist them to obtain housing within the community at an affordable housing cost; and

WHEREAS, Tamerlane Associates, LLC, a California limited liability company (“Developer”) Owner has entered or will enter into an agreement or agreements to purchase a parcel of real property in the City of Garden Grove (“City”), generally located at 12172 Tamerlane Drive, Garden Grove, California, and described as Assessor’s Parcel Number 231-471-35 (“Site”); and

WHEREAS, Developer desires to rehabilitate and operate an apartment complex on the Site (“Project”), consisting of six (6) apartment units (each, a “Housing Unit”); and

WHEREAS, Developer and Agency desire to enter into an Affordable Housing Agreement (“Agreement”) pursuant to which Agency will provide a loan to Developer in an amount of Nine Hundred Eighty Thousand, Five Hundred Ninety-Nine Dollars (\$980,599) (“Agency Loan”) and a payment of Fifty Thousand Dollars (\$50,000) in exchange for Developer’s agreement to restrict the use, operation, rental, and occupancy of six (6) of the Housing Units at the Project to Lower Income Households paying an Affordable Rent throughout a term of not fewer than fifty-five (55) years; and

WHEREAS, initially capitalized terms used herein and not expressly otherwise defined shall have the meanings ascribed to them in the Agreement; and

WHEREAS, the terms of the Agreement and the Regulatory Agreement to be executed by Developer pursuant thereto and the implementation thereof by Agency and Developer are in accordance with the provisions set forth in the implementation plan adopted by Agency according to Section 33490 of the CRL; and

WHEREAS, Agency’s acquisition of the Affordability Covenants for the 55-year term and payment of the Agency Loan to Developer and Developer’s operation of the Project pursuant to the Agreement and in compliance with the recorded Affordability Covenants is in the vital and best interest of the Agency and City and the health, safety and welfare of its residents; and

WHEREAS, the City Council of the City has approved by ordinances, both the original adoption and amendments thereto, the Amended and Restated Redevelopment Plan for the Community Project Area; and

WHEREAS, the 6-unit Project is located within and will be of benefit to the Community Project Area by providing long-term affordable housing, including housing units eligible and available and/or to be banked as replacement housing units pursuant to Health & Safety Code Section 33413(a), or, alternatively, as determined and solely elected by the Agency, to be eligible and available and/or to be banked as inclusionary housing units pursuant to Health & Safety Code Section 33413(b); and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the Project is in the best interests of the Agency and City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Agency for Community Development as follows:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution and are fully incorporated herein.

Section 2. The Agency hereby finds and determines that the 6-unit Project will be of benefit to Community Project Area by providing long-term affordable housing within the City.

Section 3. The Agency hereby approves the Agreement between Agency and Developer with such changes as may be mutually agreed upon by the Agency Director (or his duly authorized representative), Agency legal counsel, and Developer as are minor and in substantial conformance with the form of the Agreement which has been submitted herewith. The Agency Director and the Agency Secretary are hereby authorized to execute and attest the Agreement, including any related attachments, on behalf of Agency. In such regard, the Agency Director (or his duly authorized representative) is authorized to sign the final version of the Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement, when duly executed and attested, shall be placed on file in the office of the Agency Secretary. Further, the Agency Director (or his duly authorized representative) is authorized to implement the Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the Project as provided for within the Agreement. The Agency Director (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to make technical or minor changes and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement, provided any and all such changes shall not in any manner materially affect the rights and obligations of the Agency or the expense to the Agency under the Agreement approved hereby.

Section 4. In addition to the authorization of Section 4 above, the Agency Director is hereby authorized, on behalf of Agency, to sign all other documents necessary or appropriate to carry out and implement the Agreement, including causing the issuance of warrants in implementation thereof and to administer and carry out Agency's obligations, responsibilities and duties to be performed under the Agreement, subject to the provisions thereof.

Section 5. The Agency Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this ____ day of _____, 2010.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

Chairperson

ATTEST:

Agency Secretary

STATE OF CALIFORNIA)
COUNTY OF _____)
CITY OF _____)

I, Kathy Bailor, Secretary of the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution No. _____ was introduced and adopted at an adjourned regular meeting of the Agency held on the ____ day of _____, 2010 by the following vote of the members thereof:

AYES: MEMBERS:

NOES: MEMBERS:

ABSENT: MEMBERS:

ABSTAIN: MEMBERS:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

Secretary

ATTACHMENT TO RESOLUTION
ATTACH COPY OF FINAL AFFORDABLE HOUSING AGREEMENT

ATTACHMENT TO RESOLUTION