



STAFF REPORT
6/12/2024

TO: Honorable Mayor and City Council Members

FROM: Celina Jimenez, Director of Economic Development
Jaime Arroyo, Grants Manager

SUBJECT: Authorize the City Manager to Sign a Conditional Enforceable Loan Commitment Letter for 6th Street Seniors Chelsea Investment Corporation (CIC), LP, for the 53-Unit Affordable Senior Development Project Located on the Southside of 6th Street Between Tripoli Avenue and Date Avenue (APN # 778-113-001 and 778-113-002) in a Not-to-Exceed Amount of \$7,200,000

STAFF RECOMMENDATION:

Authorize the City Manager to sign a Conditional Enforceable Loan Commitment Letter for 6th Street Seniors Chelsea Investment Corporation (CIC), LP, for the 53-unit affordable senior development project located on the southside of 6th Street between Tripoli Avenue and Date Avenue (APN # 778-113-001 and 778-113-002) in a not-to-exceed amount of \$7,200,000.

BACKGROUND:

The Project was submitted as part of the City's Transformative Climate Communities (TCC) grant application that received a Transformative Climate Communities Implementation award from the California Strategic Growth Council (SGC) in the amount of \$22,125,000. Of the \$22,125,000 grant award, \$7,200,000 was earmarked for the Project, with the City loaning the \$7,200,000 to 6th Street Seniors CIC, LP.

DISCUSSION/ANALYSIS:

City staff is recommending that the City Council authorize the City Manager to enter into a Conditional Enforceable Loan Commitment Letter. The intent of the document is to support their 9% application to the Tax Credit Allocation Committee (TCAC).

The City hereby provides this conditional affordable housing loan commitment wherein the City agrees to loan 6th Street Seniors CIC, LP funds for the construction and/or permanent funding of the Project under the following terms:

1. Loan Amount: \$7,200,000.
2. Loan Term: 55 years.

3. Interest: 3% simple per annum.
4. Repayment: In full at end of loan term.
5. Annual Payments: Pro-rata share of 50% of residual cash flow.

Conditions of Loan Approval:

1. The Developer and the City agree to enter into a loan agreement.
2. The Developer secures all project financing.
3. The Developer obtains all necessary City and other regulatory approvals.
4. The Developer agrees to complete all improvements specified in the conditions of approval, grant, funding, and City agreements along with related application and supporting detail documents.

ALTERNATIVES:

1. Authorize the City Manager to sign a Conditional Enforceable Loan Commitment Letter for 6th Street Seniors CIC, LP, for the 53-unit affordable senior development project located on the southside of 6th Street between Tripoli Avenue and Date Avenue (APN # 778-113-001 and 778-113-002) in a not-to-exceed amount of \$7,200,000.
2. Not Authorize the City Manager to sign a Conditional Enforceable Loan Commitment Letter for 6th Street Seniors CIC, LP, for the 53-unit affordable senior development project located on the southside of 6th Street between Tripoli Avenue and Date Avenue (APN # 778-113-001 and 778-113-002) in a not-to-exceed amount of \$7,200,000.

FISCAL IMPACT:

In December 2023, the City was awarded \$22,125,000 as part of the Transformative Climate Communities (TCC) grant. Of that award, \$7,200,000 was set aside for housing. The City will recover the \$7,200,000 over the course of the five-year grant term. 6th Street Seniors CIC, LP will repay the City the \$7,200,000 back over the 55-year period at the rate of 3% per annum.

ATTACHMENTS:

6th Street Seniors Conditional Enforceable Loan Commitment Letter