

RESOLUTION NO. HA-XX

A RESOLUTION OF THE MORENO VALLEY HOUSING AUTHORITY APPROVING THE SALE OF CERTAIN REAL PROPERTY; APPROVING THAT CERTAIN HOME INVESTMENT PARTNERSHIP AND AFFORDABLE HOUSING AGREEMENT (LANTANA COURT), COOPERATION AGREEMENT, AND REIMBURSEMENT AGREEMENT AMONG THE HOUSING AUTHORITY, CITY, AND MARY ERICKSON COMMUNITY HOUSING FOR DEVELOPMENT OF A SEVEN UNIT AFFORDABLE OWNERSHIP HOUSING PROJECT; AND, MAKING OTHER FINDINGS

WHEREAS, Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code (“HAL”). Further, Authority serves as the housing successor to the former Moreno Valley Redevelopment Agency (“Former Agency”) and administers the housing assets and funds of the Low and Moderate Housing Asset Fund (“LMIHAF”) pursuant to Health and Safety Code (“HSC”) Sections 34176 and 34176.1. Authority is also a participating housing authority in cooperation with and funding recipient of HUD and State HCD programs; and

WHEREAS, the City of Moreno Valley (“City”) is a California municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Project (“HUD”); and

WHEREAS, the City has received funds (“HOME Funds”) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701-12839) and implementing regulations codified at 24 CFR Part 92, as amended by the 2013 HOME Final Rule and the 2025 HOME Final Rule, and HUD Notices issued thereunder (“HOME Program” and “HOME Regulations”) (<https://www.hudexchange.info/programs/home/home-laws-and-regulations/>); and

WHEREAS, the City also is eligible for allocations from the County of Riverside of Measure A funds that provides critical funding for transit operations and maintenance (https://www.rctc.org/measure-a/#:~:text=Measure%20A%20provides%20critical%20funding,transit%20services%20across%20the%20county.&text=*Estimated%20amount%20disbursed%20from%202010%20through%202023;)); and

WHEREAS, Mary Erickson Community Housing is a California nonprofit public benefit corporation (“Developer” or “MECH”) and experienced in the ownership, operation, management and maintenance of affordable housing, including for-sale and ownership developments; and

WHEREAS, Developer is a Community Housing Development Organization (“CHDO”) under the HOME Regulations, in particular Section 24 CFR 92.300, which is a private nonprofit, community-based organization with staff and capacity to develop and operate affordable housing for the community it serves; and

WHEREAS, State law statutory references in this Resolution are to the California Health and Safety Code (“HSC”) unless otherwise stated; and

WHEREAS, prior to dissolution of California redevelopment agencies, the Former Agency was required to and did devote certain revenues described at HSC Section 33334.2 and 33334.3 (“Housing Funds”) to activities for the acquisition, improvement, rehabilitation, and preservation of properties that were housing resources benefitting and restored to use by and available to households of low to moderate income; and

WHEREAS, as part of such eligible activities using Housing Funds, the Former Agency acquired and assembled a 1.4-acre parcel located on the north side of Eucalyptus Avenue, Moreno Valley, California for affordable housing purposes, which post-dissolution the Authority, as housing successor, became the fee owner of the DOF-approved “housing asset” intended for development of affordable housing as described in HSC Section 34176.1 (“Site”) (formerly APN 481-270-058 and as subdivided, APNs 481-270-065 to -071); and

WHEREAS, Authority, City and Developer desire to enter into a series of “Agreements”, including implementing documents that include: (a) *HOME Investment Partnership and Affordable Housing Agreement (Lantana Court)* (“AHA”) between Authority and Developer, (b) *Cooperation Agreement (Lantana Court Project)* (“Cooperation Agreement”) between City and Authority, and (c) *Reimbursement Agreement for Public Improvements (Lantana Court Affordable Housing Project)* (“Reimbursement Agreement”) among City, Authority and Developer; and

WHEREAS, the Site is the subject of the Agreements, this Resolution, and the duly noticed joint public hearing of the City Council and Housing Authority Board related to the proposed disposition of the Site for development of Lantana Court, a seven-unit affordable ownership housing project; and

WHEREAS, under the AHA, Authority will convey the Site to Developer for a nominal purchase price of One Dollar, then Developer will plan, construct, and offer for sale to Low Income Homebuyers at an Affordable Housing Cost seven (7) new “Affordable Homes” be offered for sale, acquired by and for continuous owner occupancy and resale to Low Income Homebuyers at an Affordable Housing Cost during the 45-year Affordability Period during a 45-year Affordability Period (“Project”); and

WHEREAS, pursuant to the AHA, Authority will subsidize development of the Project through certain “Authority Assistance” of \$3,446,961 plus the value of the Site (\$700,000), which is comprised of grants, loans, and in-kind professional services provided by Authority to Developer to acquire the Site, undertake construction of the Onsite Improvements and Offsite Improvements, sell the Affordable Homes to Qualified Homebuyers, all to complete the Project, including:

- (A) HOME funds \$1,686,961;
- (B) LMIHAF funds up to \$550,000 which includes the funding for Offsite Improvements as described in (C) below (i.e., from the \$550,000, approximately \$125,000 for Onsite Improvements and approximately \$425,000 for Offsite Improvements);
- (C) \$1,200,000 of which up to \$850,000 will be sourced from “Measure A” funds and approximately up to \$425,000 will be sourced from LMIHAF or other MoVal funding source(s) to complete the Offsite Improvements, including the new street that MECH shall cause to be constructed in accordance with the Reimbursement Agreement and all applicable legal requirements and the City’s construction standards for public works improvements;

(D) Sale of the Site for \$8.00 thereby grant of the fair market value of the Site (\$700,000); and

(E) \$360,00 of in-kind professional services incurred by MoVal including: (a) Engineering plans for Offsite Improvements street construction, (b) engineering and surveying to prepare Legal Descriptions (metes and bounds for eight (8) parcels that include Parcels 1 to 7, inclusive, for Affordable Homes plus Lot A for new cul de sac street and associated assessor parcel numbers); (c) Water Quality Management Plan (“WQMP”); and

WHEREAS, Authority’s original subsidy will be evidenced in the Authority Loan Note and secured by the Authority Loan Deed of Trust and Authority Regulatory Agreement; and

WHEREAS, Developer will sell the Affordable Homes to Low Income Households at an Affordable Housing Cost and each Homebuyer shall enter into a Homebuyer Loan Agreement and a Homebuyer Loan will be issued by Authority to each Homebuyer, which will be a second lien, deferred mortgage; and

WHEREAS, pursuant to the HOME Program there is a maximum per unit subsidy to the Affordable Homes, which includes both MoVal and County of Riverside HOME Funds invested in the Project, which limitation will require Authority to grant Developer \$2,285,600 of the \$3,446,961 Authority Loan, with \$1,161,400 to be allocated to the Homebuyer Loans that break down to \$169,900/unit for three-bedroom homes and \$160,600/unit for four-bedroom homes; and

WHEREAS, the Homebuyer Loans will be assignable and assumed upon resale to successor Qualified Homebuyers during the 45-year Affordability Period; and

WHEREAS, in connection with the City’s review and action on the land use entitlement for the Project, which “project” contemplated development of the Lantana Court Project and this Agreement, the City determined that the Project is categorically exempt from the provisions of the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.* (“CEQA”), pursuant to the Guidelines for Implementation of the California Environmental Quality Act set forth at Title 14 California Code of Regulations Section 15000, *et seq.* (“CEQA Guidelines”) and caused the filing and posting of a Notice of Exemption with the County of Riverside on January 11, 2024 Document No. E-20240024 (“NOE”). The NOE determined the Project exempt under Article 19, Categorical Exemption Section 15332 (Infill Development) as it meets the zoning requirements of the Village Specific Plan 204, under five acres in size, surrounded by existing urban uses, will be adequately served by all required utilities, and there are no significant impacts on the environment. Further, both the City and the County of Riverside evaluated the Project and HOME funding therefor pursuant to National Environmental Protection Act (“NEPA”) and implementing regulations thereto and determined the project meets the requirements for categorical exclusion from NEPA, and thereby each of the City and County adopted the Environmental Assessment Report and made a Finding of No Significant Impact (“FONSI”) (a) by the City on February 15, 2024, and (b) by the County on August 29, 2023 by action of the County Board of Supervisors. Further, the Project consists of Authority’s implementation of affordable housing covenants on the Affordable Homes in implementation of City’s adopted Housing Element, the City’s Consolidated Plan and Annual Action Plan required by HUD, and pursuant to the CEQA Guidelines and NEPA and implementing regulations thereto; and

WHEREAS, the Authority and City have prepared such notices, plans and reports as may be required in connection with its consideration of this matter and has made available for public inspection all such matters prior to its consideration of and action on this matter; and

WHEREAS, the City Council and Housing Authority Board held a joint public hearing to consider the disposition of the Site and overall transaction contemplated by the AHA in accordance with the HSC Section 33000, *et seq.*, in particular HSC Section 33433, and Division 24, Part 1.85 of the HSC, Section 34170, *et seq.*; and

WHEREAS, the Authority desires to approve the Agreements, to sell the Site pursuant to the AHA; and

WHEREAS, the Authority has duly considered all terms and conditions of the Agreements and believes that the Project is in the best interests of the 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 MORENO VALLEY HOUSING AUTHORITY AS FOLLOWS:

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

Section 2. All actions and assessment required under CEQA and NEPA were previously undertaken and the Project including this Agreement and implementing documents were determined categorically exempt under CEQA and categorically excluded under NEPA as covenanted affordable housing; in this regard, there are no new facts or circumstances that necessitate further environmental review or action.

Section 3. The Authority finds, after conducting the joint public hearing, review of the documentation, testimony and other evidence presented and included in the record before it, that the AHA, Cooperation Agreement, Reimbursement Agreement, including Attachments, Exhibits and related instruments for disposition of the Site and development of the Project on the Site, both the Onsite Improvements and Offsite Improvements, will assist in the elimination of blight by allowing land (i.e., the Site) constrained access and infrastructure deficiencies to be developed with seven Affordable Homes to be sold by Developer at an Affordable Housing Cost to qualified Low Income Homebuyers and successor Homebuyers during the 45-year Affordability Period.

Section 4. The Authority Board hereby approves the Agreements, with such changes as may be mutually agreed upon by the City Manager/Executive Director (or his authorized designee), the City Attorney (or special counsel), and Developer, respectively, as are minor and in substantial conformance with the form of the Agreements submitted herewith. The Mayor/Chair (and/or City Manager/Executive Director) is authorized (a) to sign the final versions of each of the Agreements after completion of non-substantive, minor revisions, if any, and (b) to implement the Agreements, including issuance of warrants. Copies of the final form of each of the Agreements, once duly executed, shall be placed on file in the office of the City Clerk/Authority Secretary. Further, the City Manager/Executive Director in implementation of the Agreements is authorized to take further actions and execute documents as referenced therein and/or necessary and appropriate to carry out the transactions contemplated by the Agreements. The City Manager/Executive Director is hereby authorized to the extent necessary during the implementation of the Agreements to make technical or minor changes and interpretations of the Agreements as necessary to properly implement and carry out the Agreements, including all instruments related thereto, provided any and all such changes

shall not in any manner materially affect the rights and obligations of the Authority (and/or City) or increase the funding provided thereunder.

Section 5. In addition to the authorization of Section 4. above, the City Manager/Executive Director is authorized, on behalf of the Authority (and City), to sign all other documents necessary or appropriate to carry out and implement the Agreements, including causing the issuance of warrants in implementation thereto, and to administer the Authority and City's obligations, responsibilities and duties to be performed under the Agreements and related instruments executed to implement the Agreements, including all exhibits thereto.

Section 6. This Resolution shall be effective immediately upon adoption.

Section 7. The City Clerk/Authority Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 17th day of June 2025.

MORENO VALLEY HOUSING AUTHORITY

Ulises Cabrera, Chair

ATTEST:

M. Patricia Rodriguez, Authority Secretary

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF MORENO VALLEY)

I, M. Patricia Rodriguez, Secretary of the Moreno Valley Housing Authority, hereby certify that the foregoing resolution was duly adopted by the Housing Authority at its regular meeting held on the 17th day of June 2025, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Authority Secretary