



OCTOBER 22, 2014
CITY COUNCIL CHAMBERS
3:30 P.M. Closed Session; 4:30 P.M. Regular Session
201 N. Broadway, Escondido, CA 92025

MAYOR	Sam Abed
DEPUTY MAYOR	Olga Diaz
COUNCIL MEMBERS	Ed Gallo John Masson Michael Morasco
CITY MANAGER	Clay Phillips
CITY CLERK	Diane Halverson
CITY ATTORNEY	Jeffrey Epp
DIRECTOR OF COMMUNITY DEVELOPMENT	Barbara Redlitz
DIRECTOR OF PUBLIC WORKS	Ed Domingue

ELECTRONIC MEDIA:

Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.



Council Meeting Agenda

October 22, 2014

3:30 P.M. Meeting

Escondido City Council

CALL TO ORDER

ROLL CALL: Diaz, Gallo, Masson, Morasco, Abed

ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.) Speakers are limited to only one opportunity to address the Council under Oral Communications.

CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

I CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)

- a. **Property:** APN: 229-372-20 Por. (proposed hotel site, Valley Parkway/Escondido Blvd)
- City Negotiator:** Clay Phillips, City Manager
- Negotiating Parties:** Pierpoint Management, LLC
- Under Negotiation:** Price and Terms of Agreement

ADJOURNMENT



Council Meeting Agenda

**October 22, 2014
4:30 P.M. Meeting**

**Escondido City Council
and as Successor Agency to the CDC**

CALL TO ORDER

MOMENT OF REFLECTION:

City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.

FLAG SALUTE

ROLL CALL: Diaz, Gallo, Masson, Morasco, Abed

PRESENTATIONS: Escondido Grand Villa Project

ORAL COMMUNICATIONS

The public may address the Council on any item that is not on the agenda and that is within the subject matter jurisdiction of the legislative body. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.) NOTE: Depending on the number of requests, comments may be reduced to less than 3 minutes per speaker and limited to a total of 15 minutes. Any remaining speakers will be heard during Oral Communications at the end of the meeting.

CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public.

- 1. AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
- 2. APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**
- 3. [APPROVAL OF MINUTES: Regular Meeting of October 1, 2014](#)**

4. **LEASE AGREEMENT WITH WARFIGHTER ACADEMY AT 700 WEST GRAND AVENUE -**
Request Council approve authorizing the Real Property Manager and City Clerk to execute a Lease Agreement with the Warfighter Academy at 700 West Grand Avenue.
Staff Recommendation: **Approval (City Manager's Office: Debra Lundy)**
RESOLUTION NO. 2014-155
5. **BID AWARD FOR THE PURCHASE OF NINETEEN POLICE INTERCEPTOR UTILITY VEHICLES -**
Request Council approve the bid award of nineteen (19) 2015 Ford Police Interceptor vehicles to North County Ford in the amount of \$527,970.89, which includes sales tax, tire recycling fees and documentation fees.
Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**
RESOLUTION NO. 2014-147
6. **RUBBERIZED PAVEMENT GRANT PROGRAM APPLICATION -**
Request Council approve authorizing the Public Works Director or his designee to submit grant documents for Rubberized Pavement Grant Program funds for an amount up to \$250,000 from the California Department of Resources Recycling and Recovery (CalRecycle), and if awarded, to accept the grant funds and complete necessary documents required by CalRecycle for participation in the Pavement Program in conjunction with the Citywide annual pavement maintenance program.
Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**
RESOLUTION NO. 2014-164
7. **BID AWARD FOR JESMOND DENE BALL FIELD LIGHTS -**
Request Council approve waiving a minor bid irregularity, authorizing the bid award to Ace Electric, Inc., determined to be the lowest responsive and responsible bidder and authorize the Mayor and City Clerk to execute a Public Improvement Agreement in the amount of \$139,000 for the Jesmond Dene Ball Field Lights.
Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**
RESOLUTION NO. 2014-163
8. **MILLS ACT CONTRACT FOR A LOCAL REGISTER PROPERTY AT 309 EAST 5TH AVENUE (HP 14-0003) -**
Request Council approve entering into a Mills Act Contract and approve the CEQA Exemption.
Staff Recommendation: **Approval (Community Development Department: Barbara Redlitz)**
RESOLUTION NO. 2014-160
9. **MILLS ACT CONTRACT FOR A LOCAL REGISTER PROPERTY AT 538 EAST 9TH AVENUE (HP 14-0001) -**
Request Council approve entering into a Mills Act Contract and approve the CEQA Exemption.
Staff Recommendation: **Approval (Community Development Department: Barbara Redlitz)**
RESOLUTION NO. 2014-141

The following Resolutions and Ordinances were heard and acted upon by the City Council/Successor Agency/RRB at a previous City Council/Successor Agency/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

PUBLIC HEARINGS

10. LOCAL REGISTER DESIGNATION AND MILLS ACT CONTRACT FOR A RESIDENCE AT 831 SOUTH BROADWAY (HP 14-0002) -

Request Council approve listing the structure on the City's Local Register; authorize entering into a Mills Act Contract; and approve the CEQA Exemption.

Staff Recommendation: **Approval (Community Development Department: Barbara Redlitz)**

RESOLUTION NO. 2014-140

11. RECOMMENDATIONS FOR ALLOCATION OF AFFORDABLE HOUSING FUNDS -

Request Council approve authorizing Housing Staff to restrict 2013 and 2014 HOME Allocations for use as CHDO funds; authorize the Community Development Director to conditionally commit federal HOME/CHDO funds in the amount not to exceed \$1,000,000 to Community HousingWorks; authorize the Community Development Director to conditionally commit federal HOME funds and Successor Housing Agency funds in an amount not to exceed \$4,100,000 to Urban Housing Communities; authorize entering into an exclusive negotiating agreement with Solutions for Change for the development of 24-40 units of affordable multi-family rental units located at 1560-1574 South Escondido Boulevard; authorize the encumbrance of up to \$150,000 of Successor Housing Agency funds for predevelopment work and an amount not to exceed \$2,100,000 in future Successor Housing Agency funds; and authorize the Mayor and City Clerk to execute an Affordable Housing Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney.

Staff Recommendation: **Approval (Community Development Department/Housing; Barbara Redlitz)**

RESOLUTION NO. 2014-154

CURRENT BUSINESS

12. APPOINTMENT TO HISTORIC PRESERVATION COMMISSION AND COMMUNITY SERVICES COMMISSION -

Request Council approve ratifying the Mayor's appointment to (1) fill an unscheduled vacancy on the Historic Preservation Commission, term to expire March 31, 2016; and (2) fill an unscheduled vacancy on the Community Services Commission, term to expire March 31, 2016.

Staff Recommendation: **Ratify the Mayor's Appointment (City Clerk's Office: Diane Halverson)**

WORKSHOP

13. DALEY RANCH RESTROOM WORKSHOP -

Request Council receive a brief presentation on the plans for the Daley Ranch restroom project and an update on special events at the Daley Ranch House.

Staff Recommendation: **Receive and File (City Manager's Office: Joyce Masterson)**

14. [PAVEMENT MAINTENANCE WORKSHOP -](#)

Request Council receive a brief presentation on the status of the City's Pavement Management program.

Staff Recommendation: **Receive and File (Public Works Department/Engineering: Ed Domingue)**

FUTURE AGENDA

15. [FUTURE AGENDA -](#)

The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: **None (City Clerk's Office: Diane Halverson)**

COUNCIL MEMBERS SUBCOMMITTEE REPORTS

CITY MANAGER'S UPDATE/BRIEFING

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- **[CITY MANAGER'S UPDATE -](#)**

ORAL COMMUNICATIONS

The public may address the Council on any item that is not on the agenda and that is within the subject matter jurisdiction of the legislative body. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. Speakers are limited to only one opportunity to address the Council under Oral Communications.

ADJOURNMENT

UPCOMING MEETING SCHEDULE

Date	Day	Time	Meeting Type	Location
October 29	-	-	No Meeting	-
November 5	-	-	No Meeting	-
November 12	-	-	No Meeting	-
November 19	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers

TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Submission of Speaker forms prior to the discussion of an item is highly encouraged. Comments are generally limited to 3 minutes.

If you wish to speak concerning an item not on the agenda, you may do so under "Oral Communications." Please complete a Speaker's form as noted above.

Nomination forms for Community Awards are available at the Escondido City Clerk's Office or at <http://www.escondido.org/city-clerks-office.aspx>

Handouts for the City Council should be given to the City Clerk. To address the Council, use the podium in the center of the Chambers, STATE YOUR NAME FOR THE RECORD and speak directly into the microphone.

AGENDA, STAFF REPORTS AND BACK-UP MATERIALS ARE AVAILABLE:

- Online at <http://www.escondido.org/meeting-agendas.aspx>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING: Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and U-verse Channel 99 – Escondido Gov TV. They can also be viewed the following Sunday and Monday evenings at 6:00 p.m. on those same channels. The Council meetings are also available live via the Internet by accessing the City's website at www.escondido.org, and clicking the "Live Streaming –City Council Meeting now in progress" button on the home page.

Please turn off all cellular phones and pagers while the meeting is in session.

**The City Council is scheduled to meet the first four Wednesdays
of the month at 3:30 in Closed Session and 4:30 in Open Session.
(Verify schedule with City Clerk's Office)**

**Members of the Council also sit as the Successor Agency to the CDC, Escondido Joint Powers
Financing Authority and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION
Monday-Friday 8:00 a.m. to 5:00 p.m.**



If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4643. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

Listening devices are available for the hearing impaired – please see the City Clerk.

CITY OF ESCONDIDO
October 1, 2014
3:30 P.M. Meeting Minutes
Escondido City Council

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 3:30 p.m. on Wednesday, October 1, 2014 in the Council Chambers at City Hall with Mayor Abed presiding.

ATTENDANCE

The following members were present: Deputy Mayor Olga Diaz, Councilmember Ed Gallo, Councilmember John Masson, Councilmember Michael Morasco, and Mayor Sam Abed. Quorum present.

ORAL COMMUNICATIONS

CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

MOTION: Moved by Councilmember Masson and seconded by Councilmember Morasco to recess to Closed Session. Motion carried unanimously.

I. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)

- a. **Property:** 858 Hubbard Avenue
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Pettigrew Family Trust
Under Negotiation: Price and Terms of Agreement
- b. **Property:** 146 E. Valley Parkway
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Mason Family Trust
Under Negotiation: Price and Terms of Agreement

Added one item to Closed Session per Government Code §54954.2(b)(2):

II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)

- a. **Property:** 901 West Washington (City Public Works Yard)
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Washington Ventures, LLC
Under Negotiation: Price and Terms of Payment

ADJOURNMENT

Mayor Abed adjourned the meeting at 3:55 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY OF ESCONDIDO
October 1, 2014
4:30 P.M. Meeting Minutes

Escondido City Council

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 4:30 p.m. on Wednesday, October 1, 2014 in the Council Chambers at City Hall with Mayor Abed presiding.

MOMENT OF REFLECTION

FLAG SALUTE

Mayor Abed led the flag salute.

ATTENDANCE

The following members were present: Deputy Mayor Olga Diaz, Councilmember Ed Gallo, Councilmember John Masson, Councilmember Michael Morasco, and Mayor Sam Abed. Quorum present.

Also present were: Clay Phillips, City Manager; Jeffrey Epp, City Attorney; Barbara Redlitz, Community Development Director; Ed Domingue, Public works Director; Diane Halverson, City Clerk; and Liane Uhl, Minutes Clerk.

ORAL COMMUNICATIONS

Bill Durney, Escondido, urged Council to uphold the Planning Commission's decision to deny a CUP for the former Palomar Care Facility.

Nicole Downey, Escondido, presented a slide and voiced concern with a Councilmember's comments on Facebook.

CONSENT CALENDAR

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Masson that the following Consent Calendar items be approved. Motion carried unanimously.

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**
3. **APPROVAL OF MINUTES: Regular Meeting of September 10, 2014**

CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/Successor Agency/RRB at a previous City Council/Successor Agency/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

PUBLIC HEARINGS

4. AMENDMENT TO AREA 3 OF THE LOMAS DEL LAGO SPECIFIC PLAN (PHG 13-0046) -

Request Council approve an Amendment to Area 3 of the Lomas Del Lago Specific Plan to install a wireless communication facility and adopt the environmental determination prepared for the project. (File No. 0800-70)

Staff Recommendation: **Approval (Community Development Department: Barbara Redlitz)**
RESOLUTION NO. 2014-158

Bill Martin, Planning Department, gave the staff report and presented a series of slides.

Mayor Abed opened the public hear and asked if anyone would like to speak on this issue in any way.

Natalie Marty, Escondido, asked how this project would impact the homeowner's views in the area.

Mayor Abed asked if anyone else wanted to speak on this issue in any way. No one asked to be heard. Therefore, he closed the public hearing.

MOTION: Moved by Councilmember Masson and seconded by Councilmember Gallo to approve an Amendment to Area 3 of the Lomas Del Lago Specific Plan to install a wireless communication facility, adopt the environmental determination prepared for the project and adopt Resolution No. 2014-158. Motion carried unanimously.

CURRENT BUSINESS

5. BID AWARD FOR STOCKING LIVE RAINBOW TROUT AT DIXON AND WOHLFORD LAKES -

Request Council approve awarding a three consecutive year contract for 57,800 pounds of live rainbow trout to Chaulk Mound Trout Ranch. The City will spend approximately \$201,722 per year, and with satisfactory performance and mutual agreement between the City and Chaulk Mound Trout Ranch, the City may extend the renewal for an additional three one-year contracts. (File No. 0470-35)

Staff Recommendation: **Approval (Finance Department: Sheryl Bennett and Utilities Department: Christopher McKinney)**

RESOLUTION NO. 2014-146

Christopher McKinney, Utilities Director, introduced Dan Hippert, Lakes and Open Space Superintendent, who gave the staff report and presented a series of slides.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Masson to approve awarding a three consecutive year contract for 57,800 pounds of live rainbow trout to Chaulk Mound Trout Ranch and

adopt Resolution No. 2014-146. The City will spend approximately \$201,722 per year, and with satisfactory performance and mutual agreement between the City and Chaulk Mound Trout Ranch, the City may extend the renewal for an additional three one-year contracts. Motion carried unanimously.

FUTURE AGENDA

6. FUTURE AGENDA -

The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: **None (City Clerk's Office: Diane Halverson)**

Mayor Abed stated the unaccompanied youth care facility discussion was rescheduled to the October 15, 2014 Council meeting at 4:30 p.m.

COUNCIL MEMBERS SUBCOMMITTEE REPORTS

Councilmember Gallo attended the Borders Committee meeting where he obtained a Border Region Atlas and another port of entry will be discussed at a future meeting. He attended a tour of the new desalination plant with the San Diego County Water Authority. He stated October was Breast Cancer Awareness Month.

Councilmember Morasco indicated he would be attending a Regional Solid Waste Association meeting the following day.

Mayor Abed indicated that SANDAG's Transportation Committee and Regional Planning Committee have agreed to fund North County infrastructure including the funds to complete the missing link of the Escondido bike path.

CITY MANAGER'S UPDATE/BRIEFING

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

• CITY MANAGER'S UPDATE -

ORAL COMMUNICATIONS

None

ADJOURNMENT

Mayor Abed adjourned the meeting at 5:03 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 4

Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Debra Lundy, Real Property Manager

SUBJECT: Lease Agreement with Warfighter Academy at 700 West Grand Avenue

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-155 authorizing the Real Property Manager and City Clerk to execute a Lease Agreement with the Warfighter Academy at 700 West Grand Avenue.

FISCAL ANALYSIS:

After the initial 18.5 months of rent waiver for rehabilitative work on the structure, \$4,860/month will be deposited into the General Fund.

PREVIOUS ACTION:

N/A

BACKGROUND:

The Warfighter Academy is proposing to rehabilitate the old Police Headquarters structure at 700 West Grand to make it habitable for interim use as a civilian fitness and training facility directed towards martial arts and tactical techniques training. Warfighter Academy instructors will include former Navy Seal team members, United States military veterans and former members of law enforcement. The facilities will be available to the public on a membership basis, with applicants undergoing screening and background checks prior to membership acceptance.

Cost estimates for the rehabilitation work are in excess of \$120,000. The proposed lease provides a 75% rent credit for work required to make the building safe and habitable (roof, plumbing, electrical, etc.). The rent credit does not include expenses related to cosmetic or tenant-specific improvements, which may also be undertaken by the perspective tenant at tenant's own cost and subject to City approval.

In addition to the rehabilitation work and rental revenue projected toward the end of the term, the proposed lease will provide additional benefits to the City including: deterrence of transients and vandalism, which is occurring despite the City's best efforts to secure the building; elimination of the City's recurring utilities payments of approximately \$1500/month; shifting of liability from the City to Lessee; avoidance of deferred maintenance related health/safety issues; and ongoing upkeep of the

WARFIGHTER ACADEMY LEASE

OCTOBER 22, 2014

Page 02

property. Additionally, the Escondido Police Department will have access to the training facility for its tactical training exercises.

The proposed lease requires that the tenant maintain all aspects of the property, including an initial exterior power wash or new paint treatment, installation of appropriate signage (as approved by City Planning and the Lease Administrator), and maintaining the landscaping in a healthy and attractive state throughout the life of the lease. Under the proposed lease, the perspective tenant is responsible for obtaining all permits and approvals as may be required to perform the rehabilitation work and to conduct its business operations.

The proposed lease is for a two year term, where after it is anticipated that the property will be repurposed to reflect its highest and best use in harmony with the City Council's objectives for the adjacent Business Park area. Any extension of term beyond the initial two years would require further Council Action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Debra Lundy', written over the printed name.

Debra Lundy

Real Property Manager

RESOLUTION NO. 2014-155

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE REAL PROPERTY
MANAGER AND CITY CLERK TO EXECUTE,
ON BEHALF OF THE CITY, A LEASE
AGREEMENT WITH WARFIGHTER ACADEMY
AT 700 WEST GRAND AVENUE

WHEREAS, the City of Escondido ("City") owns the real property located at 700 West Grand Avenue; and

WHEREAS, the Warfighter Academy has requested to lease this property for interim use for the operation of a training and fitness center with an emphasis on martial arts and tactical defense training; and

WHEREAS, the leasing of this site will positively impact the premises by providing transient deterrence and ongoing upkeep; and

WHEREAS, the Warfighter Academy has met all the land use requirements through the Planning Department; and

WHEREAS, the lease of this site will generate income in the amount of \$26,730 after an initial rent credit in the amount of \$90,000, equivalent to 18.5 months of rent waiver.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Real Property Manager and City Clerk are authorized to execute, on behalf of the City, a Lease Agreement ("Agreement") with Warfighter Academy for

the site at 700 West Grand Avenue, Escondido, California, which Lease shall be in the form found at Exhibit "A," which is incorporated by reference.



700 WEST GRAND LEASE AGREEMENT

Lessee: Warfighter Academy, LLC.

Term: Two (2) Years

Premises: 700 West Grand Ave, Escondido, CA

Effective Date (Date Permits Issued): _____

Lease Agreement between the City of Escondido and Warfighter Academy, LLC. for use of the property at 700 West Grand Avenue, Escondido, CA 92025 for specific purposes as set forth below.

TABLE OF CONTENTS

SECTION 1	DEFINITION OF TERMS.....	1
SECTION 2	ADMINISTRATION	1
SECTION 3	TERM.....	1
SECTION 4	TERMINATION OF LEASE.....	2
SECTION 5	OPTIONS TO RENEW.....	2
SECTION 6	VACATION OF PREMISES	2
SECTION 7	RENT.....	3
SECTION 8	SECURITY DEPOSIT.....	3
SECTION 9	LATE PAYMENT.....	3
SECTION 10	UTILITIES PAYMENTS.....	3
SECTION 11	TAXES, ASSESSMENTS AND FEES	4
SECTION 12	ACCEPTANCE AND MAINTENANCE	4
SECTION 13	ALTERATIONS	5
SECTION 14	USE.....	5
SECTION 15	OCCUPANCY, ASSIGNMENT AND SUBLETTING	6
SECTION 16	CONDUCT	6
SECTION 17	PETS	6
SECTION 18	NOTICES	6
SECTION 19	RIGHT OF INSPECTION.....	6
SECTION 20	INSURANCE	6
SECTION 21	INDEMNIFICATION	8
SECTION 22	ATTORNEY’S FEES, COSTS AND EXPENSES	8
SECTION 23	NON-DISCRIMINATION.....	9
SECTION 24	SUPERSEDURE	9
SECTION 25	HAZARDOUS AND/OR CONTAMINATED SOIL AND MATERIAL.....	9
SECTION 26	LAW TO GOVERN; VENUE.....	9
SECTION 27	SPECIAL PROVISIONS.....	9
SECTION 28	AMERICANS WITH DISABILITIES ACT	9
SECTION 29	AMENDMENT	10
SECTION 30	WAIVER.....	10

CITY OF ESCONDIDO LEASE AGREEMENT

This Lease Agreement is made as of October_____, 2014 between the City and Warfighter Academy, LLC..

Section 1 Definition of Terms

The following words in this Lease Agreement shall have the significance attached to them in this Section unless otherwise apparent from their context.

City. The City means the City of Escondido, a California general law City.

Lease. Lease means this Lease Agreement.

Lease Administrator. The Lease Administrator means the City of Escondido Real Property Manager or, upon written notice to Lessee, such other person as shall be designated from time to time by City.

Lessee. Lessee means Warfighter Academy, LLC., and does not include its heirs, assigns, or successors-in-interest.

Premises. Premises means the real property commonly known as 700 West Grand Avenue, Escondido, CA.

Section 2 Administration

This Lease will be administered on behalf of City by the Lease Administrator, whose address is:

City of Escondido
Attn: City Manager's Office – Real Property Manager
201 North Broadway [First Floor]
Escondido, CA 92025

and on behalf of Lessee by Sonny Garcia, whose address is:

Warfighter Academy, LLC.
Attn: Sonny Garcia
686 Roosevelt Street
Escondido, CA 92027

Section 3 Term

3.1 The term of this Lease shall be **two (2) years**, commencing on the "Effective Date" of the Lease, which shall be the date that all parties have executed this

Agreement and Lessee has obtained all permits necessary to commence the rehabilitation work described in **Exhibit 'A.'**

3.2 Hold Over. The occupancy of the Premises by Lessee, after the expiration of the Term shall be construed as a month to month tenancy, and all other terms and conditions of this Lease Agreement shall continue in full force and effect, on a month to month basis. The City shall have the right to terminate the month to month tenancy without cause and for any reason by giving ninety (90) days prior notice to Lessee.

Section 4 Termination of Lease

4.1 Each party shall have the right to terminate this Lease early without penalty by providing the other with a written notice 90 days in advance.

4.2 Default. If the City discovers at any time during the Lease Term that the Lessee or any other party has used, is using, or will use the Premises in an unlawful manner or for an unlawful purpose, or in any manner that is inconsistent with any provision of this Lease, City may notify Lessee of the failure to perform and terminate the Lease in accordance with this Section.

4.3 Right to Cure. Lessee must cure any failure to perform any of the terms, conditions, or covenants of this Lease to be observed or performed by Lessee within thirty (30) days after receiving notice from the City of the default. The City may grant additional time to cure any failure to perform as may be reasonably required, as determined by the City which must be in writing.

4.4 Termination upon Default. Upon the occurrence and failure to cure a default of the Lease within the time period in Section 4.3, the City may, at its option, and in addition to any and all other rights to which it may be entitled under this Lease or applicable law, elect to terminate this Lease. Any such termination will be effective as of the date specified in such election.

Section 5 Options to Renew

Not applicable to this Lease.

Section 6 Vacation of Premises

Upon termination of this Lease for any reason, Lessee shall peaceably vacate and deliver the Premises to City.

Upon such termination, Lessee shall immediately:

- A. Arrange and pay for the disconnection of all utilities and services ordered by Lessee;
- B. Provide a written statement to the Lease Administrator of Lessee's

new address for purpose of refunding monies, if any, due Lessee under this Lease; and

- C. Deliver any keys for the Premises to the Administrator or send said keys by certified mail to the City.

Section 7 Rent

7.1 Base Rental Rate. In consideration of the possession and use of the Premises, Lessee shall deliver and pay rent to City in the amount of **\$4,860** on or prior to the first day of each month beginning on the Effective Date.

7.2 In exchange for Lessee performing certain rehabilitation work to the Premises prior to occupying the Premises, as more thoroughly described in Section 12 below, and listed in the attached **Exhibit 'A,'** City hereby agrees to contribute 75% of Lessee's total costs, which total costs shall not exceed \$120,000, by way of offering a rent credit for up to 18.5 months. Said rent credit shall be determined by actual expenses as evidenced by invoices and receipts provided to the Lease Administrator. No rent credit shall be awarded for cosmetic repairs or tenant improvements unique to the Lessee's use and credit shall solely be for expenses related to bringing the building to code and making it safe and habitable.

7.3 Hold Over Rental Rate. The rent payments for any Hold Over will be equal to the previous year's Rental Rate plus ten percent (10%).

Section 8 Security Deposit

Not applicable to this Agreement.

Section 9 Late Payment

Rent payments received after the 5th day of any month will be charged an additional 20% late payment fee.

Section 10 Utilities Payments

Lessee agrees to provide and pay for all utilities and services necessary for the occupancy and use of the Premises, including, but not limited to: gas, water, electricity, sewage charges or septic service, trash and any telecommunications services.

Immediately as of the Effective Date of this Lease, Lessee shall cause all utilities with the exception of the water, to be transferred into its name. Upon completion of the plumbing repair work, which shall occur no later than six (6) months following the Effective Date of this Lease, Lessee shall then cause the water service to be transferred into its name and shall be responsible for all such payments thereafter. Failure to

comply with this provision may result in a default of the lease in accordance with Section 4.2 and charges will be billed to Lessee for water as of the expiration of this stated grace period, which may include a reasonable administrative fee, at the City's sole discretion.

Section 11 Taxes, Assessments and Fees

The terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in Lessee, Lessee may be subjected to the payment of personal property taxes levied on such interest. Lessee shall be responsible for the payment of, and shall pay before delinquent, all taxes, assessments, and fees assessed or levied upon Lessee, on said Premises or any interest therein, on any buildings, structures, machines, appliances, or other improvements of any nature whatsoever, or on any interest therein.

Lessee further agrees not to allow such taxes, assessments, or fees to become a lien against said premises or any improvement thereon. Nothing herein contained shall be deemed to prevent or prohibit Lessee from contesting the validity of amount of any such tax, assessment, or fee in any manner authorized by law.

Section 12 Acceptance and Maintenance

Lessee hereby acknowledges that Lessee has inspected the Premises, that Lessee accepts said Premises "as is" and "where is," that Lessee, at Lessee's sole cost, will perform all work necessary to bring the Premises in good and sanitary order, condition, and repair and suitable for the uses as specified in this Lease including but not limited to certain rehabilitation work required in order for the Premises to be occupied as more particularly described in the attached **Exhibit 'A.'** ("Rehabilitation Work"). The Rehabilitation Work must be completed before occupancy of the Premises and within **six (6) months** of the Effective Date or the City may terminate this Lease.

Further, Lessee shall generally improve the appearance of the exterior of the Premises by, at a minimum, power washing the building and/or applying a new coat of paint and installing new signage in accordance with the City's Sign Ordinance and upon receiving a valid permit from the Planning Department as well as the Lease Administrator's approval.

Upon completion of the Rehabilitation Work, Lessee agrees to maintain the Premises in good condition and in compliance with all applicable property maintenance and related laws. Lessee releases the City from the obligation to maintain any portion of the Premises. Said release is part of the consideration for the rental of the Premises, and Lessee therefore waives all rights it may otherwise have under Sections 1941 and 1942 of the Civil Code.

During the life of this Lease, Lessee shall ensure that the landscaping is maintained in a healthy state, including green and trimmed grass, trees and shrubs located anywhere on the Premises.

In the event Lessee fails to properly maintain the premises as required by City, City may notify Lessee in writing of said failure. In the event Lessee fails to perform said maintenance within thirty (30) days after such notice by City, City may perform such maintenance, and any costs including, but not limited to, the cost of labor, material, and equipment, shall be paid by Lessee to City within ten (10) days from receipt by Lessee of an invoice from City.

City acknowledges that some of the rehabilitation work, as well as the nature of the business operations, are likely to impact items of personal property that have been abandoned within the building, and the building's interior doors, walls and other fixtures and equipment rendered of no value to the City. The City hereby consents to the use, removal, destruction or alteration of such items, so long as such removal, destruction or alteration is performed in accordance with all applicable laws and regulations and the provisions contained within this Lease.

Section 13 Alterations

Lessee shall not paint, alter, cut, add to, or otherwise change the appearance, structure, or condition of the Premises without the prior written consent of the Lease Administrator and only after obtaining applicable permits.

Any tenant improvements, and additional improvements made with the consent of the Lease Administrator shall become a fixture to the realty and shall remain on and be surrendered with the Premises upon termination of this Lease.

Lessor or its representatives shall have the right to go upon and inspect the Demised Premises at all reasonable times and shall have the right to post and keep posted thereon notices of nonresponsibility, or such other notices which the Lessor may deem to be proper for the protection of the Lessor's interest in the Demised Premises.

Section 14 Use

Lessee agrees to use the Premises for fitness and tactical training classes and workshops in accordance with the provisions and requirements contained in any permits required by the City of Escondido. Lessee may also run a small retail store with appropriate and related items available for sale to its members. Any retail store component shall be constructed and operated in full compliance with all local, state and federal laws and City land use policies. Lessee shall not use, nor permit the use of, the Premises other than as described. In any case where Lessee is, or should reasonably

be, in doubt as to the propriety of any particular use, Lessee may request, and will not be in breach or default if Lessee abides by, the written determination of the Lease Administrator that such use is or is not permitted.

Section 15 Occupancy, Assignment and Subletting

The Premises shall only be occupied by Lessee except with prior written consent of the Lease Administrator. Lessee may not assign or sublease any interest in this Lease to any other party, at any time, including a transferee of a controlling interest in Lessee without written consent from the Lease Administrator.

Section 16 Conduct

Lessee and guests of Lessee shall at all times conduct themselves in a quiet and dignified manner so as to cause no annoyance or inconvenience to neighbors of Lessee.

Lessee shall not violate, or permit the violation of, any City or County ordinance, or state or federal law, in or about the Premises.

Noncompliance by Lessee with any provision of this Section shall allow the Lease Administrator to terminate this Lease.

Section 17 Pets

No pets or livestock of any kind may be kept on the Premises without the prior written consent of the Lease Administrator.

Section 18 Notices

Any notice required or permitted to be given by this Lease must either be personally served on the other party or served by certified mail, return receipt requested, to the addressee. Notices served by mail shall be sent to the address listed above. A change of either party's address must also be immediately served in the manner described above.

Section 19 Right of Inspection

City reserves the right for its agents or employees to enter upon and inspect the Premises at any reasonable time to ascertain if Lessee is complying with the provisions of this Lease.

Section 20 Insurance

Lessee must have insurance in the following amounts at all times during this Agreement:

- A. General liability insurance with at least \$2 Million combined single-

limit coverage per occurrence for bodily injury and property damage.

- B. Automobile liability insurance of \$1 Million combined single-limit per accident for bodily injury and property damage for any and all vehicles that are owned by the Lessee (if applicable).
- C. Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship.
- D. Commercial property insurance in an amount commensurate with the value of the improvements on the Premises.
- E. During the construction of Tenant Improvements, insurance in an amount no less than to cover construction risks, etc.

Each insurance policy required above must be acceptable to the City Attorney:

- F. Each policy must name the City specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation policy.
- G. Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A-rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
- H. All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

Lessee agrees to deposit with City, on or before the effective date of this Lease, one certificate of insurance for each of the policy or policies necessary to satisfy the insurance provisions of this Lease and to keep such insurance in effect during the entire term of this Lease. This certificate must be reviewed by, and acceptable to, the City Attorney, prior to commencement of the Lease Term. Lessee will also deposit with the City within 60 days of the Effective Date of this Lease, an additional insured endorsement naming City specifically and separately as an "additional insured", with the exception of the worker's compensation policy. The appropriate endorsements described above shall follow within sixty (60) days. Noncompliance by Lessee with any provision of this Section shall allow the Lease Administrator to terminate this Lease.

City shall retain the right at any time to review the coverage, form and amount of the insurance required hereby. If, in the opinion of the Lease Administrator, the insurance provisions in this Lease do not provide adequate protection for City and for members of the public using the Premises, City may require Lessee to obtain insurance sufficient in coverage, form and amount to provide adequate protection from and against the kind and extent of risks which exist or are foreseeable at the time a change in insurance is required. City's requirements shall be reasonable, but shall be designed to assure adequate protection of the City's interests. The Lease Administrator shall notify Lessee in writing of changes in the insurance requirements and, if Lessee does not deposit with City within sixty (60) days of receipt of such notice a new Certificate of Insurance for each policy or policies of insurance incorporating such changes, this Lease shall be deemed in default without further notice to Lessee and may be forthwith terminated by the Lease Administrator.

The procuring of such required policy or policies of insurance shall not be construed to limit Lessee's liability hereunder nor to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said policy or policies of insurance, Lessee shall be obligated for the full and total amount of any damage, injury or loss attributable to any act or omission of it or its agents, customers or guests in connection with this Lease or with use or occupancy of the Premises.

Noncompliance by Lessee with any provision of this Section shall allow the Lease Administrator to terminate this Lease.

Section 21 Indemnification

Lessee shall defend, indemnify, and hold harmless City, its officers, agents, and employees from and against any and all claims, demands, and liabilities for loss of any kind or nature which City, its officers, agents, or employees may sustain or incur or which may be imposed upon them or any of them for injury to or death of persons or damage to property as a result of, arising out of, or in any manner connected with this Agreement or with the occupancy and use of the Premises by Lessee, its invitees, visitors, or any other persons whatsoever. Lessee further agrees to pay any and all costs and expenses, including, but not limited to, court costs and reasonable attorney's fees incurred by City on account of any such claims, demands, or liabilities. However, the provisions of this Agreement shall not be construed to indemnify City for claims or acts arising from City's sole negligence.

Section 22 Attorney's Fees, Costs and Expenses

In the event legal action is brought to enforce the terms of or to declare a termination of this Lease for reason of breach thereof, the unsuccessful party shall pay all of the successful party's costs of such action, together with reasonable attorney's fees, in an amount to be fixed by the court.

Section 23 Non-Discrimination

Lessee covenants that this Lease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of physical or mental disabilities, race, color, creed, religion, sex, marital status, national origin or ancestry in the use, occupancy, tenure or enjoyment of the leased premises. Lessee shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, or use of occupancy by customers, tenants or vendees in the leased premises.

Section 24 Supersedure

This Lease, upon becoming effective, shall supersede any leases or rental agreements heretofore made or issued for the Premises between the City and Lessee.

Section 25 Hazardous and/or Contaminated Soil and Material

Lessee will not place or permit to be placed materials and/or contaminated soils on the premises which under federal, state, or local law, statute, ordinance, or regulations require special handling in collection, storage, treatment, and/or disposal. Lessee also hereby covenants and agrees that, if at any time it is determined there are materials and/or contaminated soils located on the premises which under any environmental requirement require special handling in collection, storage, treatment, or disposal, Lessee shall notify City. Within thirty (30) days after written notice to City or from City, Lessee shall commence to take and thereafter diligently complete, at Lessee's sole expense, such actions as may be necessary to comply with environmental requirements.

Section 26 Law to Govern; Venue

This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the North County Division of the San Diego County Superior Court or federal courts located in San Diego County, California.

Section 27 Special Provisions

Lessee hereby acknowledges that Lessee waives all rights to any form of relocation assistance provided for by local, state, or federal law to which Lessee may be entitled by reason of this Lease.

Section 28 Americans with Disabilities Act

It is the duty of the Lessee while operating under this Lease to comply with all local, state, and federal laws, including, but not limited to, the Americans with Disabilities Act and to indemnify City from any violation of any such law. Failure to comply with a

provision of local, state, or federal law is grounds for the Lease Administrator's immediate termination of this Lease.

Section 29 Amendment

This Agreement may not be amended, modified, or supplemented except by a writing executed both Parties.

Section 30 Waiver

No waiver by a Party of any provision of this Agreement shall be considered a waiver of any other provision or any subsequent breach of the same or any other provision. The exercise by a Party of any right or remedy provided in this Agreement or provided by law shall not prevent the exercise by that Party of any other remedy provided in this Agreement or under the law.

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Debra Lundy, Real Property Manager

Date: _____

Diane Halverson, City Clerk

WARFIGHTER ACADEMY, LLC.

Date: _____

By: _____

Sonny Garcia, President

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

EXHIBIT A
Rehabilitation Work

Lessee agrees at its own cost to perform work to the building to bring it into good working order and repair and to make it suitable for the operation of its business. Said work includes, but is not limited to:

Roof	\$	18,000.00	A Better Way GC
HVAC	\$	38,500.00	AO REED
Electrical	\$	28,210.00	Cacy Electric
Clean Up (Everything)	\$	7,000.00	A Better Way GC
Windows	\$	2,000.00	A Better Way GC
Ceiling Panels	\$	536.87	Lowe's
Elevator Repair	\$	1,500.00	24 Hour Elevator Service
Plumbing	\$	30,000.00	Wickham Plumbing
Mold Inspection	\$	500.00	Sands PM
Total Estimate	\$	126,246.87	

City agrees to compensate 75% of Lessee's total expenses, which total shall not exceed \$120,000 for purposes of calculating City's contribution, by way of a rent waiver equivalent of up to 18.5 months free rent (based on \$4,860/month rent).

Additionally, Lessee shall, at its own cost, improve the general appearance of the Premises, at a minimum with a fresh coat of paint or satisfactory power washing of the exterior and signage as approved by the Planning Department and Lease Administrator.

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 5
Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Sheryl Bennett, Director of Administrative Services
Joan Ryan, Assistant Finance Director

SUBJECT: Bid Award for the Purchase of Nineteen Police Interceptor Utility Vehicles

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-147 for the bid award of nineteen (19) 2015 Ford Police Interceptor vehicles to North County Ford in the amount of \$527,970.89, which includes sales tax, tire recycling fees, and documentation fees.

FISCAL ANALYSIS:

Sufficient funds are available in the Fleet Services Vehicle Replacement Fund.

BACKGROUND:

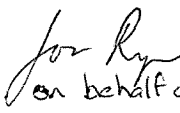
Requests for bids were mailed to sixteen vendors on August 19, 2014 and four bids were received and opened on September 16, 2014. The bid results are as follows:

Vendor	Amount
North County Ford	\$ 527,970.89
Raceway Ford	534,053.45
Ford of Escondido	561,392.07
Wonderies Fleet Group	567,472.97

Our existing Ford Crown Victoria patrol vehicles, which have been in service between seven (7) and eleven (11) years, are being replaced due to exceeding their standard service life expectancy, excessive mileage, and rundown conditions.

Joe Goulart, Fleet Services Superintendent, reviewed the bids and recommends the bid award to North County Ford in the amount of \$527,970.89 as the lowest most responsive bidder who conformed to the City's bid specifications and requirements.

Respectfully submitted,


on behalf of Sheryl Bennett

Sheryl Bennett,
Director of Administrative Services


Joan Ryan

Assistant Finance Director

DATE September 22, 2014

TO: Blanca Wolf, Purchasing Supervisor

FROM: Joseph Goulart, Fleet Maintenance Superintendent

SUBJECT: Award Bid #14-03, 2015 Police Interceptor Utility Vehicles to North County Ford in Vista, CA.

After reviewing the four bids received on September 16, 2014 for bid #14-03 2015 Police Interceptor Utility Vehicle Bid, I recommend that we award the bid to North County Ford in the amount of \$527,970.89 to replace 19 existing marked patrol units. North County Ford complied in all areas of the City's bid specifications. Furthermore, North County Ford's bid is lower than the current State of California contract for 2015 Ford Police Interceptor Utility vehicles.

Thank you for your assistance with this project.

RESOLUTION NO. 2014-147

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING CITY COUNCIL TO
APPROVE THE BID AWARD OF NINETEEN
FORD POLICE INTERCEPTOR UTILITY
VEHICLES TO NORTH COUNTY FORD

WHEREAS, police vehicles are routinely replaced due to exceeding their standard service life expectancy, excessive mileage, and rundown conditions; and

WHEREAS, sufficient funds are available in the Fleet Services Vehicle Replacement Fund; and

WHEREAS, the City of Escondido duly published an invitation for bids for nineteen police interceptor utility vehicles to include detailed bid specifications and requirements; and

WHEREAS, request for bids for the purchase of nineteen 2015 Ford Police Interceptor utility vehicles were mailed to vendors on August 19, 2014; and

WHEREAS, four bids were opened and evaluated on September 16, 2014; and

WHEREAS, North County Ford was determined to be the lowest and responsive bidder who conformed to the City's bid specifications and requirements; and

WHEREAS, staff recommends awarding the bid to North County Ford in the amount of \$527,970.89; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That City Council accepts the recommendation of staff and finds North County Ford to be the lowest and responsive bidder who conformed to the City's bid specifications and requirements.
3. That the City Council is authorized to approve on behalf of the City, the bid award to North County Ford for the purchase of nineteen 2015 Ford Police Interceptor utility vehicles.

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 6
Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council
FROM: Ed Domingue, Public Works Director/City Engineer
SUBJECT: Rubberized Pavement Grant Program Application

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-164 authorizing the Public Works Director or his designee to submit grant documents for Rubberized Pavement (Pavement) Grant Program funds for an amount up to \$250,000 from the California Department of Resources Recycling and Recovery (CalRecycle), and if awarded, to accept the grant funds and complete necessary documents required by CalRecycle for participation in the Pavement Program in conjunction with the Citywide annual pavement maintenance program.

FISCAL ANALYSIS:

Grant funds will leverage funds reserved for the Citywide annual pavement program in order to use Rubberized Asphalt Concrete (RAC) products in addition to traditional asphalt paving materials. Grant awards are based on a flat rate of \$0.50 per square yard of rubberized chip seal material. Costs must be incurred for paving projects before April 1, 2017.

BACKGROUND:

CalRecycle administers the Rubberized Pavement Program in order to promote markets for recycled-content surfacing products derived from waste tires generated in California and decrease the adverse environmental impacts created by unlawful disposal and stockpiling of waste tires. Public Resources Code Sections 40000 et seq. authorize CalRecycle to administer various grant programs (grants) in furtherance of the State of California's efforts to reduce, recycle and reuse solid waste generated in the state, thereby preserving landfill capacity and protecting public health and safety and the environment.

RAC is a proven road paving material that has been used in California since the 1970s. It is made by blending ground tire rubber with asphalt binder which is then mixed with

Rubberized Pavement Grant Program Application
October 22, 2014
Page 2

conventional aggregate materials. Benefits include cost effectiveness, durability, safety, noise reduction, and an environmentally friendly alternative to traditional road paving materials.

Respectfully submitted,



Edward N. Domingue, P.E.
Public Works Director/City Engineer



Karen Youel
Management Analyst

RESOLUTION NO. 2014-164

A RESOLUTION OF THE CITY OF
ESCONDIDO AUTHORIZING SUBMITTAL OF
APPLICATION(S) FOR THE RUBBERIZED
PAVEMENT GRANT PROGRAM

WHEREAS, Public Resources Code Sections 40000 et seq. authorize the Department of Resources Recycling and Recovery ("CalRecycle") to administer various grant programs ("Grants") in furtherance of the State of California's ("State") efforts to reduce, recycle and reuse solid waste generated in the state thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, in furtherance of this authority CalRecycle is required to establish procedures governing the application, awarding, and management of the Grants; and

WHEREAS, CalRecycle grant application procedures require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

NOW, THEREFORE, BE IT RESOLVED that the City of Escondido, as follows:

1. That the above recitations are true.
2. That the City of Escondido authorizes the submittal of application(s) to CalRecycle for the Rubberized Pavement Grant Program.
3. That the Public Works Director, or his designee, is hereby authorized and empowered to execute in the name of the City of Escondido all grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure grant funds and implement the approved grant project.

4. That these authorizations are effective for five (5) years from the date of adoption of this resolution.

CITY COUNCIL

For City Clerk's Use:

☐

APPROVED

☐

DENIED

Reso No. _____

File No. _____

Ord No. _____

Agenda Item No.: 7

Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Public Works Director/City Engineer
Julie Procopio, Assistant Public Works Director

SUBJECT: Bid Award for Jesmond Dene Ball Field Lights

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-163 waiving a minor bid irregularity, authorizing the bid award to Ace Electric, Inc., determined to be the lowest responsive and responsible bidder, and authorizing the Mayor and City Clerk to execute a Public Improvement Agreement in the amount of \$139,000 for the Jesmond Dene Ball Field Lights.

FISCAL ANALYSIS:

Funding for the project is available in the Park Development Fund.

PREVIOUS ACTION:

Musco Lighting will be utilized for the sports lighting on this project. Council has approved sole sourcing of this product with City Council Resolution 2010-17 approved on January 27, 2010, and Resolution 2012-64 approved on April 18, 2012.

BACKGROUND:

On October 9, 2014, the City of Escondido received four (4) sealed bids in response to its advertised request for bids on this project. The bids were opened by the City Clerk with the following bid results:

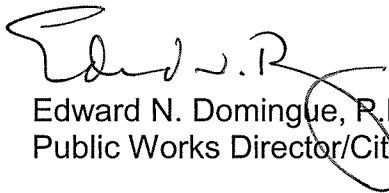
Ace Electric, Inc.	\$139,000.00
California Building Evaluation	\$221,431.00
Pacific Winds Building, Inc.	\$228,800.00
Steiny and Company, Inc.	\$259,600.00

The apparent low bidder, Ace Electric, Inc., failed to submit a copy of the signed addendum. The addendum concerned the elimination of an insurance requirement, an extension of time to complete

the project of ten days, and a change to the bidders bond form. The addendum was otherwise properly acknowledged in the bid documents and the amended bid bond was properly used. Staff recommends that this immaterial deviation be waived and that the bid received from Ace Electric, Inc. be considered the lowest responsive and responsible bid. Staff further recommends that a contract be awarded in the amount of \$139,000 for the Jesmond Dene Ball Field Lights. The bid submitted by Ace Electric, Inc. was 11.2% higher than the Engineer's Estimate of \$125,000.

It is anticipated that work will begin in November of 2014 and be completed in February of 2015.

Respectfully submitted,



Edward N. Domingue, P.E.
Public Works Director/City Engineer



Julie Procopio, P.E.
Assistant Public Works Director

RESOLUTION NO. 2014-163

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AWARDING A BID FOR THE JESMOND DENE
BALL FIELD LIGHTING PROJECT AND
AUTHORIZING THE MAYOR AND THE CITY
CLERK TO EXECUTE, ON BEHALF OF THE
CITY, A PUBLIC IMPROVEMENT AGREEMENT
WITH ACE ELECTRIC, INC.

WHEREAS, the City Council has allocated funding for the Jesmond Dene Ball
Field Lighting Project ("Project"); and

WHEREAS, a notice inviting bids for said improvements was duly published; and

WHEREAS, pursuant to said notice, four (4) sealed bids for the Project were
opened and evaluated on October 9, 2014; and

WHEREAS, the apparent low bidder, Ace Electric, Inc., failed to submit a signed
copy of the addendum; however, the addendum was properly acknowledged elsewhere
in the bid; and

WHEREAS, the minor irregularity in the Ace Electric, Inc. bid is hereby waived
and Ace Electric, Inc. is determined to be the lowest responsive and responsible bidder;
and

WHEREAS, this City Council desires at this time and deems it to be in the best
public interest to award this contract to Ace Electric, Inc. in the amount of \$139,000;
and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and the City Clerk are authorized to execute, on behalf of the City, a Public Improvement Agreement with Ace Electric, Inc. in substantially similar form to that which is attached and incorporated to this Resolution as Exhibit "1," and subject to final approval as to form by the City Attorney.

PUBLIC IMPROVEMENT AGREEMENT

This "Agreement", dated the _____ day of _____, 20_____, in the County of SAN DIEGO, State of California, is by and between **THE CITY OF ESCONDIDO** (hereinafter referred to as "CITY"), and Ace Electric Inc., (hereinafter referred to as "CONTRACTOR").

The CITY and the CONTRACTOR, for the consideration stated herein, agree as follows:

1. The complete contract includes all of the Project Documents described in the General Conditions, which are incorporated by reference. The Project Documents are complementary, and what is called for by any one shall be as binding as if called for by all.
2. CONTRACTOR shall perform within the time set forth in Paragraph 4 of this Agreement everything required and reasonably inferred to be performed, and shall provide and furnish all the labor, materials, necessary tools, expendable equipment, and all utility and transportation services as described in the complete contract and required for construction of

Jesmond Dene Ball Field Lights

All of said work to be performed and materials to be furnished shall be completed in a good workmanlike manner, free from defects, in strict accordance with the plans, drawings, specifications and all provisions of the complete contract as hereinabove defined. The CONTRACTOR shall be liable to the CITY for any damages and resulting costs, including consultants' costs, arising as a result of a failure to fully comply with this obligation, and the CONTRACTOR shall not be excused with respect to any failure to so comply by any act or omission of the Architect, Engineer, Inspector, or representative of any of them, unless such act or omission actually prevents the CONTRACTOR from fully complying with the requirements of the Project Documents, and unless the CONTRACTOR protests at the time of such alleged prevention that the act or omission is preventing the CONTRACTOR from fully complying with the Project documents. Such protest shall not be effective unless reduced to writing and filed with the CITY within **three (3) working days** of the date of occurrence of the act or omission preventing the CONTRACTOR from fully complying with the Project documents.

3. CITY shall pay to the CONTRACTOR, as full consideration for the faithful performance of the contract, subject to any additions or deductions as provided in the Project documents, the sum of One hundred and thirty-nine thousand Dollars (\$139,000.00).
4. The work shall be commenced on or before the twenty-first (21st) day after receiving the CITY'S Notice to Proceed and shall be completed within **Seventy (70) working days** from the date specified in the Notice to Proceed.
5. Time is of the essence. If the work is not completed in accordance with Paragraph 4 above, it is understood that the CITY will suffer damage. It being impractical and infeasible to determine the amount of actual damage(s), in accordance with Government Code Section 53069.85, it is agreed that CONTRACTOR shall pay to CITY as fixed and liquidated damages, and not as a penalty, the sum(s) indicated in the LIQUIDATED DAMAGES SCHEDULE below for each calendar day of delay until work is completed and accepted. This amount shall be deducted from any payments due to or to become

- PUBLIC IMPROVEMENT AGREEMENT
Page A-00500-2

contract, arising out of, or in any way connected with the work covered by this Agreement, whether said injury or damage occurs on or off City property.

- (c) Any and all liabilities, claims, actions, causes of action, proceedings, suits, administrative proceedings, damages, fines, penalties, judgments, orders, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements, arising out of any violation, or claim of violation of the San Diego Municipal Storm Water Permit (Order No. 2001-01), and updates or renewals, of the California Regional Water Quality Control Board Region 9, San Diego, which the CITY might suffer, incur, or become subject by reason of or occurring as a result of or allegedly caused by the construction, reconstruction, maintenance, and/or repair of the work under this Agreement.

The CONTRACTOR, at CONTRACTOR's own expense, cost, and risk shall defend any and all actions, suit, or other proceedings that may be brought or instituted against the CITY, its governing board, officers, agents or employees, on any such claim, demand or liability, and shall pay or satisfy any judgment that may be rendered against the CITY, its governing board, officers, agents or employees in any action, suit or other proceedings as a result thereof.

8. (a) CONTRACTOR shall take out, prior to commencing the work, and maintain, during the life of this contract, and shall require all subcontractors, if any, of every tier, to take out and maintain:

(1) General Liability and Property Damage Insurance as defined in the General Conditions in the amount with a combined single limit of not less than **\$3,000,000 per occurrence**.

(2) Course of Construction / Builder's Risk Insurance See 5.2 of General Conditions.

(3) Insurance Covering Special Hazards: The following special hazards shall be covered by rider or riders to the above-mentioned public liability insurance or property damage insurance policy or policies of insurance, or by special policies of insurance in amounts as follows:

(A) Automotive and truck where operated in amounts as above

(B) Material hoist where used in amounts as above

(4) Workers' Compensation Insurance.

- (b) Each insurance policy required above must be acceptable to the City Attorney, as follows:

(1) Each policy must name the CITY specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation and the Errors and Omissions policies.

(2) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A-rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.

- (3) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

(c) In executing this Agreement, CONTRACTOR agrees to have completed insurance documents on file with the CITY within 14 days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.

9. Public Contract Code Section 22300 permits the substitution of securities for any monies withheld by a public agency to ensure performance under a contract. At the request and expense of the CONTRACTOR, securities equivalent to the amount withheld in retention by the CITY, then the subcontractor shall receive the identical rate of interest received by the CONTRACTOR on any retention monies withheld shall be deposited with the public agency, or with a state or federally chartered bank in California as the escrow agent, who shall then pay such monies to the CONTRACTOR. The City retains the sole discretion to approve the bank selected by the CONTRACTOR to serve as escrow agent. Upon satisfactory completion of the contract, the securities shall be returned to the CONTRACTOR. Securities eligible for investment shall include those listed in Government Code Section 16430 or bank or savings and loan certificates of deposit. The CONTRACTOR shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon.

In the alternative, under Section 22300, the CONTRACTOR may request CITY to make payment of earned retentions directly to the escrow agent at the expense of the CONTRACTOR. Also at the CONTRACTOR's expense, the CONTRACTOR may direct investment of the payments in securities, and the CONTRACTOR shall receive interest earned on such investment upon the same conditions as provided for securities deposited by CONTRACTOR. Upon satisfactory completion of the contract, CONTRACTOR shall receive from the escrow agent all securities, interest and payments received by escrow agent from CITY pursuant to the terms of Section 22300. If CONTRACTOR elects to receive interest on moneys withheld in retention by CITY, CONTRACTOR shall, at the request of any subcontractor, make that option available to the subcontractor regarding any monies withheld in retention by the CONTRACTOR from the subcontractor. If the CONTRACTOR elects to receive any interest on any monies withheld in retention by the Owner, then the subcontractor shall receive the identical rate of interest received by the CONTRACTOR on any retention monies withheld from the subcontractor by the CONTRACTOR, less any actual pro rata costs associated with administering and calculating that interest. In the event the interest rate is a fluctuating rate, the rate for the subcontractor shall be determined by calculating the interest rate paid during the time that retentions were withheld from the subcontractor. If the CONTRACTOR elects to substitute securities in lieu of retention, then, by mutual consent of the CONTRACTOR and subcontractor, the subcontractor may substitute securities in exchange for the release of monies held in retention by CONTRACTOR. This shall apply only to those subcontractors performing more than five percent (5%) of the CONTRACTOR'S total bid. The CONTRACTOR shall not require any subcontractor to waive any provision of this section.

10. Each and every provision of law and clause required by law to be inserted in this Agreement or its attachments shall be deemed to be inserted herein and the Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either party the Agreement shall forthwith be physically amended to make such insertion or correction, without further changes to the remainder of the Agreement.

11. The complete contract as set forth in Paragraph 1 of this Agreement constitutes the entire Agreement of the parties. No other agreements, oral or written, pertaining to the work to be performed, exists between the parties. This Agreement can be modified only by an amendment in writing, signed by both parties and pursuant to action of the Escondido City Council.
12. CONTRACTOR shall comply with those provisions of the Labor Code requiring payment of prevailing wages, keeping of certified payroll records, overtime pay, employment of apprentices, and workers' compensation coverage, as further set forth in the General Conditions, and shall file the required workers' compensation certificate before commencing work.
13. The terms "Project Documents" and/or "Contract Documents" where used, shall refer to those documents include in the definition set forth in the General Conditions made a part hereof.
14. CONTRACTOR shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONTRACTOR affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONTRACTOR agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of CITY by its officers thereunto authorized and by CONTRACTOR, the date and year first above written.

CITY OF ESCONDIDO
a municipal corporation
201 North Broadway
Escondido, CA 92025

By: _____ By: _____
Diane Halverson, City Clerk Sam Abed, Mayor

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

CONTRACTOR

By: _____ By: _____
Signature Signature*

Print Name Print Name

Title Title

(Second signature required only for corporation)

By: _____
Signature**

Print Name

Title

(CORPORATE SEAL OF CONTRACTOR,
if corporation)

Contractor's License No.

Tax ID/Social Security No.

*If CONTRACTOR is a corporation, the first signature must be by one of the following officers of the corporation: Chairman of the Board, President, or any Vice President.

**If CONTRACTOR is a corporation, the second signature must be by a different person from the first signature and must be by one of the following officers of the corporation: Secretary, any Assistant Secretary, the Chief Financial Officer, or any Assistant Treasurer.

SECTION A-00610 - FAITHFUL PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENT,

That _____ ("Contractor") and _____ ("Surety") are held and firmly bound unto the CITY OF ESCONDIDO ("Owner") in the sum of _____ Dollars, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has been awarded and is about to enter into a contract with Owner to perform all work required under the Bid Schedule(s) of the Owner's specifications entitled,

Jesmond Dene Ball Field Lights

WHEREAS, the provisions of the Contract are incorporated by reference into this Faithful Performance Bond and shall be part of Surety's obligation hereunder.

NOW THEREFORE, if Contractor shall perform all the requirements of said contract required to be performed on his part, at the times and in the manner specified herein, then this obligation shall be null and void, otherwise, it shall remain in full force and effect.

PROVIDED, that

- (1) Any alterations in the work to be done or the materials to be furnished, which may be made pursuant to the terms of the Contract, shall not in any way release Contractor or Surety thereunder;
- (2) Any extensions of time granted under the provisions of Contract shall not release either Contractor or Surety from their respective obligations to Owner;
- (3) Notice of any such alterations or extensions of the Contract is hereby waived by Surety;
- (4) Any payments (including progress payments) made on behalf of Owner to Contractor after the scheduled completion of the work to be performed pursuant to the Contract shall not release either Contractor or Surety from any obligations under the Contract or this Faithful Performance Bond, or both, including any obligation to pay liquidated damages to Owner; and
- (5) To the extent Owner exercises its rights pursuant to this Bond, Owner shall be entitled to demand performance by the surety and be further entitled to recover, in addition to all other remedies afforded by law, its reasonably incurred costs to complete the work, attorneys fees and consultant costs, as well as actual costs incurred by OWNER for the increased dedication/commitment of time of OWNER employees to the Project.

SIGNED AND SEALED, this _____ day of _____, 20____.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

SECTION A-00620 - LABOR AND MATERIAL BOND

KNOW ALL MEN BY THESE PRESENT,

That _____ as Contractor, and
_____ as Surety, are held and firmly
bound unto the CITY OF ESCONDIDO, hereinafter called Owner, in the sum of
_____ dollars, for the payment of which sum well and
truly to be made, we bind ourselves our heirs, executors, administrators, successors, and assigns,
jointly and severally, firmly by these presents.

WHEREAS, said Contractor has been awarded and is about to enter into the annexed contract
with said Owner to perform all work required under the Bid Schedule(s) of the Owner's specifi-
cations entitled,

Jesmond Dene Ball Field Lights

NOW THEREFORE, if said Contractor, or subcontractor, fails to pay for any materials, equip-
ment, or other supplies, or for rental of same, used in connection with the performance of work
contracted to be done, or for amounts due under applicable State law for any work or labor
thereon, or for amounts due under the Unemployment Insurance Code, or for any amounts
required to be deducted, withheld, and paid over to the Employment Development Department
from the wages of employees of the Contractor and its subcontractors pursuant to Section 13020
of the Unemployment Insurance Code with respect to such labor, said Surety will pay for the
same in an amount not exceeding the sum specified above, and, in the event suit is brought upon
this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the
benefit of any persons, companies or corporations entitled to file claims under applicable State
law.

PROVIDED, that any alterations in the work to be done or the materials to be furnished, which
may be made pursuant to the terms of said contract, shall not in any way release either said
Contractor or said Surety thereunder, nor shall any extensions of the time granted under the
provisions of said contract release either said Contractor or said surety, and notice of such
alterations or extensions of the contract is hereby waived by said Surety.

SIGNED AND SEALED, this _____ day of _____, 20__.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

SECTION A-00630 - CITY OF ESCONDIDO BUSINESS LICENSE

In accordance with Municipal Code Section 16, the successful bidder is required to obtain a City of Escondido Business License prior to execution of contract.

The following information must be submitted to the City Clerk prior to execution of contract:

City of Escondido Business License No. _____

Expiration Date _____

Name of Licensee _____

SECTION A-00660 - WORKERS' COMPENSATION INSURANCE CERTIFICATE

If self-insured for Workers' Compensation, the Contractor shall execute the following form as required by the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, Sections 1860 and 1861, and I will comply with such provisions before commencing the performance of the work of the contract.

Dated: _____

Contractor

By: _____
Signature

SAMPLE NOTICE

(REQUIRED UNDER GENERAL CONDITIONS, ARTICLE 6.1.B)

TO THE PEOPLE ON THIS STREET:

WITHIN THE NEXT FEW DAYS, WORK WILL BE STARTED ON THE FOLLOWING PROJECT:

Jesmond Dene Ball Field Lights

The work may cause some inconvenience, but will be of permanent benefit.

We shall appreciate your cooperation in the following matters:

1. Please be alert when driving or walking in the construction area.
2. Tools, materials and equipment are attractive to children. For the safety of the children, please keep them away.
3. Please report all inconvenience to the Foreman on the job, or to the City of Escondido Field Engineering Inspection Office, 839-4664. The name and phone number of the contractor are given below.

This work is being performed for the City of Escondido by:

We will endeavor to complete this work as rapidly as possible and with a minimum of inconvenience to you.

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 8

Date: October 22, 2014

TO: Honorable Mayor and City Council

FROM: Barbara J. Redlitz, Director of Community Development

SUBJECT: Mills Act Contract for a Local Register Property at 309 East 5th Avenue (Case HP 14-0003)

APPLICANTS: Jared & Rachael Kassebaum

RECOMMENDATION:

1. Authorize entering into a Mills Act Contract by adopting Resolution No. 2014-160.
2. Approve the CEQA Exemption.

ENVIRONMENTAL STATUS:

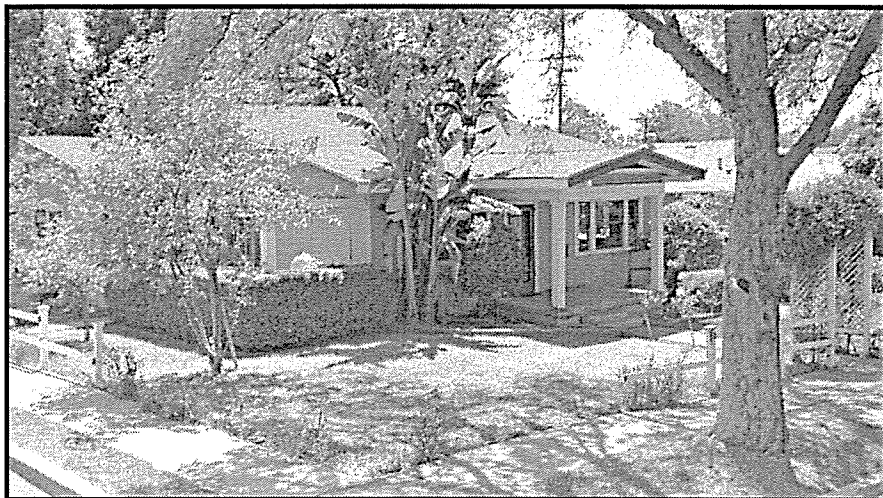
In compliance with CEQA Section 15331, "Historical Resource Restoration/ Rehabilitation", a Notice of Exemption was prepared on October 7, 2014.

FISCAL ANALYSIS:

Approval of the Mills Act Contract would reduce the property tax to the homeowner, and proportionately reduce the City's share of property taxes. The annual tax revenue loss to the City on this property is estimated to be less than \$200. The City has currently entered into 80 Mills Act contracts, which have cumulatively reduced the City share of property taxes by approximately \$17,300. Studies recently completed in the County show that Mills Act approved properties increase in value an average of 16%, neighboring properties within 250 feet increase in value an average of 3.7%, and properties within 500 feet increase in value an average of 1.6%.

GENERAL PLAN ANALYSIS:

The property is located within the Urban I (U1) land use designation of the General Plan. Historic & Cultural Resources Policy VII.G encourages the preservation of buildings and areas with special and recognized historic and architectural value.



PREVIOUS ACTION:

The Historic Preservation Commission (HPC) voted unanimously to recommend approval of entering into a Mills Act Contract on October 7, 2014.

BACKGROUND:

The subject property, addressed as 309 East 5th Avenue (APN 233-281-0200), is .21 acre on the southwest corner of East 5th Avenue and Ivy Street. The property includes a 1,760 SF single-story California Craftsman Bungalow and a 216 SF single bay "carriage house" (garage).

with its access out to Ivy Street. The rear yard contains other original vintage improvements, including a stone chimney, a surrounding brick patio, and several mature fruit trees. The house was built in 1924 by Martin W. Perry, the first principal of Escondido High School, who then served for 43 on the School Board, often as its president. Before his death in 1964, he was instrumental in the establishment of Palomar Community College. The property was sold in 1943 to Luther & Marion Durbin who owned Durbin's Bakery. They resided there for 46 years, during which time Marion converted the carriage house into a studio where she created renowned wedding cakes.

ANALYSIS:

Escondido Historical/Cultural Resources Survey

On May 5, 1992, the Historic Preservation Commission voted unanimously to list the subject property on the Local Register of Historic Places, justifying their decision because it met these two criteria:

- Escondido building or buildings that embody distinguishing characteristics of an architectural type, specimen, or are representative of a recognized architect's work and are not substantially altered.
- Resources that are 50 years old or older or have already achieved historical significance.

(Local Register listing requests require that the resource meet at least two of seven criteria.)

The present applicant was asked by staff to provide additional information regarding the property's history to help update the City's files. The applicant has conducted the required historic research and data collection, and has provided the information in the required State Department of Parks and Recreation form format (see attached). The information provided by the applicant includes historical background and descriptive analysis of the architectural style and is adequate to meet current requirements.

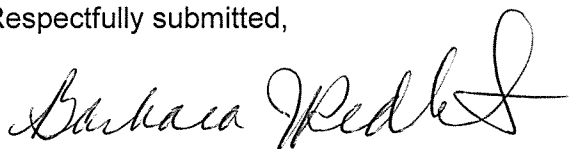
Mills Act Contract:

The Mills Act is a provision in state law that enables owners of designated historic properties to voluntarily enter into a preservation contract with the City and receive a reduction in their property taxes. The contract runs for ten years and it is automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the owner make a commitment to maintain the property and complete other improvements (see Attachment 'B' of the contract). As indicated, significant improvements at this property by the new owners have already been completed. Under the terms of the Mills Act, owners can list appropriate improvement projects they have already done, are doing currently and can also include additional projects in the future with prior HPC or Planning Division approval. All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review.

CONCLUSION:

By approving the Mills Act, the City would be incurring a small loss per year of property tax revenue. This will provide the property owner a tax savings that will be earmarked for preserving the property.

Respectfully submitted,



Barbara J. Redlitz
Director of Community Development



Paul K. Bingham
Assistant Planner II



CITY OF ESCONDIDO
PLANNING DIVISION
201 NORTH BROADWAY
ESCONDIDO, CA 92025-2798
(760) 839-4671

Notice of Exemption

To: San Diego County Recorder's Office
Attn: Vanessa Esquivel
P.O. Box 121750
San Diego, CA 92112-1750

From: City of Escondido
201 North Broadway
Escondido, CA 92025

Project Title/Case No.: HP-14-0003

Project Locations - specific: On the southeast corner of South Ivy Street and East Fifth Avenue, addressed as 309 East Fifth Avenue (APN: 233-281-0200).

Project Location - City: Escondido, **Project Location - County:** San Diego

Description of Project:

To approve a Mills Act Contract for the restoration and rehabilitation of a California Bungalow listed on the Local Register of Historic Resources to assist the owners with future preservation in the R-1-6 (Single-Family Residential, 6,000 SF minimum lot size) zone, located in the U1 (Urban I) land use designation of the General Plan and the Old Escondido Neighborhood historic district.

Name of Public Agency Approving Project: City of Escondido

Name(s) of Person or Agency Carrying Out Project:

Names: Jared & Rachael Kassebaum

Telephone: (423) 718-5445

Address: 309 East Fifth Avenue, Escondido, CA 92025

☒ Private entity ☐ School district ☐ Local public agency ☐ State agency ☐ Other special district

Exempt Status:

Categorical Exemption: Section 15331, Class 31. "Historic Resource Restoration/Rehabilitation"

Reasons why project is exempt:

1. The project is consistent with the R-1-6 zone, UI General Plan land use designation and no variances are required.
2. The project will be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties with guidelines for preserving, rehabilitating, restoring and reconstructing historic buildings.
3. The project will not be limited by the factors in section 15300.2 and will not adversely change the significance of a historical resource.

Lead Agency Contact Person: Paul K. Bingham

Area Code/Telephone/Extension (760) 839-4306

Signature: Paul K. Bingham
Assistant Planner

10/7/14
Date

☒ Signed by Lead Agency

Date received for filing at OPR:

☐ Signed by Applicant

HISTORIC PRESERVATION COMMISSION

Agenda Item No.: G._
Date: October 7, 2014

TO: Historic Preservation Commission

FROM: Paul Bingham, Assistant Planner II

CASE NUMBER: HP 14-0003

REQUESTS: Residence addressed as 309 East Fifth Avenue (Old Escondido Neighborhood)

1. Mills Act contract request and
2. Consideration of the proposed CEQA exemption

RECOMMENDATION: Forward recommendation of approval to the City Council

BACKGROUND:

City of Escondido Historical/Cultural Resources Survey

A City of Escondido Historical/Cultural Resources Survey was completed in 1990 (Agis, May 1990). Close to 1,000 resources were inventoried in the survey for their significance. The Survey of 1990 was conducted in compliance with procedures established by the U.S. Department of the Interior, National Park Service and the State Office of Historic Preservation. A Historical/Cultural Resources Survey is a collection of information that identifies documents and describes the historical resources in the community. The survey also associates the resources with historical events and/or people. Among other preservation programs, the survey serves as the basis for historic preservation plans. The survey also fulfills a higher level of historic nomination requirements (Local, State and National), it allows for the applicability of Historic Building Code in regard to rehabilitation/renovation of structures, and justifies local, state and federal funding assistance.

Local Register of Historic Places Listing

The Historic Preservation Ordinance No. 2000-23, Section 33-794-5 identifies a process and criteria for listing historic structures on the City's Local Register. Requests for listing on the Local Register require that both the Historic Preservation Commission and the City Council conduct a public hearing to consider the request. The historic resource is evaluated against seven criteria and must meet at least two of the seven.

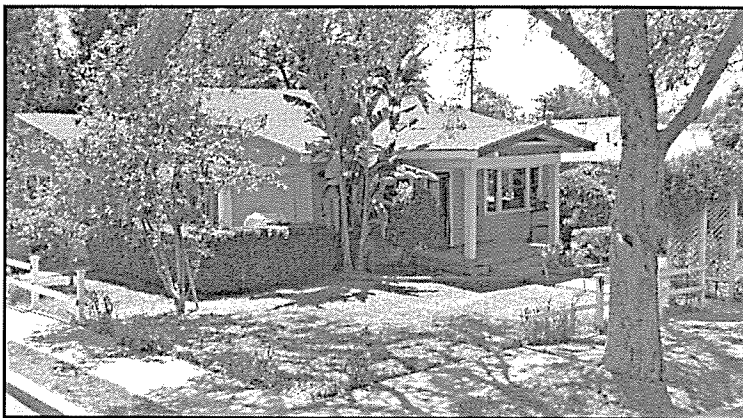
Mills Act Contract and Property Applying

The Mills Act is a state law that enables owners of designated historic properties to enter into a preservation contract with their local legislative body and receive a substantial reduction in the property taxes. One of the incentives for the preservation of historic and/or cultural resources, approved in 1989, allows property owners of designated historic resources to enter into a Mills Act contract with the City pursuant to State Law. The revised Historic Ordinance 92-409, adopted by Council on October 28, 1992, clarified that a property owner may apply for a Mills Act contract if the resource has been listed as a Local Register property.

ANALYSIS

Escondido Historical Resources Survey

The residence was designated as a Significant Resource in the 1990 Survey. The applicant has subsequently conducted



the required historic research and data collection, and has provided the information on the required format State Department of Parks and Recreation forms (see attached). The information provided by the applicant, includes more complete historical background and descriptive analysis of the architectural style and will add substantially to what is currently included in the City's survey.

Local Register of Historic Places Listing

This resource was placed on the Local Register by previous Historic Preservation Commission and Council actions taken on or before May 5, 1992.

Mills Act Contract

The subject property at 309 East Fifth Avenue (APN 233-281-0200) consists of .21 acres with a 1,760 SF single-story California Bungalow built in 1924. Located behind the main house is a matching single-bay 216 SF detached garage with bi-fold doors built about the same time period. There is also a sunken brick patio and outdoor stone chimney in the far southwestern corner of the lot which also appear original. Some original mature fruit trees also exist on the site. The existing structures appear to have had no significant exterior alterations. Damage by the elements will be addressed in the list of improvements attached to the Mills Act contract.

The Mills Act contract is for a minimum of ten years, automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the property owner make a commitment to maintain the structure and surrounding property, per a maintenance schedule that has been included with this report (see attached). All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review.

Summary

Staff feels that the proposed Mills Act Contract is appropriate since the property meets the established criteria for a historic resource, and adequate improvements have been listed.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Paul K. Bingham", with a stylized flourish at the end.

Paul K. Bingham
Assistant Planner II

Mills Act Application List of Improvements

Property Address: 309 East 5th Avenue
Property Owners: Jared and Rachael Kassebaum

- 1) Replace old furnace and ductwork (completed)
- 2) Repair water-damaged bathroom subfloor (completed)
- 3) Termite tenting of main house (completed)
- 4) Upgrade electrical system from 60A to 200A service (completed)
- 5) Repair and repaint front wood fence (completed)
- 6) Repair original front screen door (completed)
- 7) Remove trees threatening foundation and trim those scraping the roof (completed)
- 8) Restore 28 existing double-hung windows (planned)
- 9) Install replacement wooden window screens (planned)
- 10) Restore existing garage (planned)
- 11) Repaint main house and garage (planned)
- 12) Repair and/or replace sections of back fence and gate (planned)

State of California -- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary # _____
HRI # _____
Trinomial _____
NRHP Status Code _____

Other Listings _____
Review Code _____ Reviewer _____ Date _____

Page 1 of 3 *Resource Name or #: (Assigned by recorder) _____

P1. Other Identifier: M. W. Perry House

*P2. Location: ☐ Not for Publication ☐ Unrestricted

*a. County San Diego and (P2c, P2e, and P2b or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad _____ Date _____ T _____; R _____; _____ 1/4 of _____ 1/4 of Sec _____; _____ B.M.

c. Address 309 E. 5th Avenue City Escondido Zip 92025

d. UTM: (Give more than one for large and/or linear resources) Zone _____, _____ mE/ _____ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate) APN 233-281-02

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The resource is a single-family residence built in 1924 by Martin W. Perry. The property is bounded on the north by 5th Ave., on the east by Ivy St., on the south by an alley, and on the west by a residential property; it is within the Old Escondido Historic District. The house is a Craftsman single-story bungalow consisting of eight rooms, including four bedrooms (1760 sf). The outside is constructed of four-inch clapboard siding with a low-pitch gabled roof, including a gabled front porch. The property also includes an original one-car garage with bi-fold doors, a sunken brick patio, and an outdoor stone chimney.

*P3b. Resource Attributes: (List attributes and codes) HP2 Single family property

*P4. Resources Present: ☒ Building ☐ Structure ☐ Object ☐ Site ☐ District ☐ Element of District ☐ Other (Isolates, etc.)



P5b. Description of Photo:
(view, date, accession #) View from north edge
of property, taken July 23, 2014.

*P6. Date Constructed/Age and Source:

☒ Historic ☐ Prehistoric ☐ Both
1924 Grant deed, City Directory, newspaper
articles

*P7. Owner and Address: Jared and

Rachael Kassebaum, 309 E. 5th Avenue,
Escondido, CA 92025

*P8. Recorded by:

(Name, affiliation, and address)
Jared and Rachael Kassebaum, 309 E. 5th
Avenue, Escondido, CA 92025

*P9. Date Recorded: July 23, 2014

*P10. Survey Type: (Describe) Volunteer effort by current owner. Information collected includes complete title chain from 1887 to
present, research from the daily newspaper in Escondido, and oral interviews from neighbors.

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") None

*Attachments: ☐ NONE ☐ Location Map ☒ Continuation Sheet ☒ Building, Structure, and Object Record
☐ Archaeological Record ☒ District Record ☐ Linear Feature Record ☐ Milling Station Record ☐ Rock Art Record
☐ Artifact Record ☒ Photograph Record ☐ Other (List): _____

State of California -- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
BUILDING, STRUCTURE, AND OBJECT RECORD

Primary # _____

HRI # _____

*NRHP Status Code 5S1

Page 2 of 3 *Resource Name or #: (Assigned by recorder) _____

B1. Historic Name: M. W. Perry House

B2. Common Name: None

B3. Original Use: Single family residential

B4. Present Use: Single family residential

*B5. Architectural Style: Craftsman/Arts & Crafts

*B6. Construction History: (Construction date, alterations, and date of alterations) _____

The house was constructed in 1924. There have been no alterations to the exterior of the house. A small roof extension was added (date unknown) to the south side of the house at the back door. A split-rail fence was installed on the front and east sides of the house in the 2000's, along with a lattice-style privacy fence on the west side. Original window screens (listed in the Assessor Building Notes) have been lost.

*B7. Moved? ☒ No ☐ Yes ☐ Unknown Date: _____ Original Location: _____

*B8. Related Features: _____

Detached original garage with bi-fold doors and in-ground service manhole. Expansive brick & adobe patio and stone fireplace in backyard are likely both original (and unaltered) from the 1920's.

B9a. Architect: Unknown

b. Builder: Mr. Eakin

*B10. Significance: Theme Residential architecture

Area: Old Escondido

Period of Significance: 1924-1943

Property Type: Single family home

Applicable Criteria: N/A

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

This house appears eligible for Mills Act listing because it is a classic example of an American Craftsman bungalow. Its low-pitch gabled roof, overhanging eaves with exposed beam ends, and comfortable front porch embody the ideals of the Arts and Crafts movement.

At eight rooms, it is larger than most bungalows of the era and in the surrounding neighborhood. Mr. Martin W. (Bill) Perry, who purchased the property and ordered the construction of the house, was a significant figure in Escondido. He was the first principal of Escondido High School, and later served as district superintendent for 29 years. He also proved instrumental in establishing Palomar Community College.

The exterior of the house has not been altered since its original construction. The multi-paned windows and doors, along with the four-inch wood clapboard siding, are emblematic of the Arts and Crafts movement during the 1920's. Information about the interior of the house is provided in the attached narrative.

B11. Additional Resource Attributes: (List attributes and codes) _____

*B12. References:

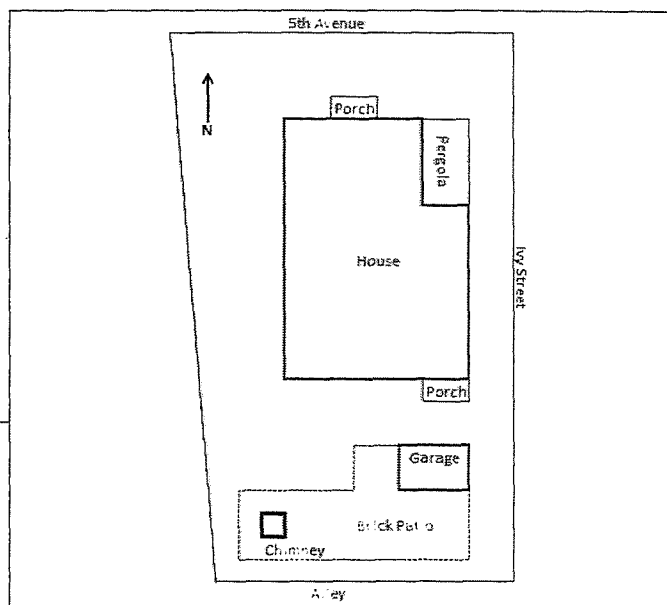
Research on the house and M. W. Perry was conducted through an article search of the daily newspaper, as well as resources from the Escondido Historical Society and oral interviews with a neighbor.

B13. Remarks: _____

*B14. Evaluator: _____

*Date of Evaluation: _____

(This space reserved for official comments)



State of California -- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
CONTINUATION SHEET

Primary # _____
HRI # _____
Trinomial _____

Page 3 of 3 *Resource Name or #: (Assigned by recorder) _____

Recorded by: Rachael Kassebaum Date: July 23, 2014

☒ Continuation ☐ Update

Please see attached narrative concerning the house and its occupants, including several newspaper articles.

Ownership History

The M.W. Perry house was built in 1924 by Martin William (Bill) Perry and his wife Iona Mable Perry, nee Finch. Construction started the first week of March. A brief article in the Daily Times Advocate on March 6th gave a few details about the new house under construction.

Mr. Perry was a high school teacher at Escondido High School, arriving from Whittier in 1917 as a math instructor and athletic coach. He became Principal of the high school in 1918 and was Escondido's first high school district superintendent. He also served on the San Diego County Board of Education 43 years, and proved instrumental in establishing Palomar Community College.

He retired from the high school in 1947 and died in Escondido on July 9, 1964. In 1986, a bust of Mr. Perry, created by former student and local artist George Baker, was dedicated at the public library. For many years, it was on display in the South Reading Room of the library; it has since been returned to the school district.

The Perrys lived in the house from its construction in 1924 until 1943, when they sold the residence to Luther and Marion Durbin. The Durbins bought Marabotto's Bakery in 1943, then renamed Durbin Bakery, and members of the family took part in the business for several years. In addition, Marion was renowned for her home business of baking wedding cakes. Marion was also an artist; she used the original Model T garage as her art studio. The Durbins had four children, and after Luther died in 1980 Marion continued to live in the house. In 1989, Marion sold the house to Donald and Julianne Bray.

Donald Bray was nationally renowned in the water treatment industry. After earning the equivalent of a doctorate in nuclear technology from the Oak Ridge School of Reactor Technology, he served as an Army officer stationed in Berlin in World War II. In the 1960's, he started two water treatment companies. The Brays lived in the house from 1989 until 1999, when they sold it to Lars and Jennifer Rasmussen. The Rasmussens lived in the house, along with their three children, from 1999 until 2014.

The house has a long history of owners who love to garden. The Brays likely planted many of the fruit trees around the property (guava, apricot, orange, lemon, and fig). The Rasmussens loved the outdoors as well, planting grape vines and building an arbor in the backyard. They also contributed a pomegranate tree transplanted from Jennifer's family farm house near Dixon Lake.

In March of 2014, we purchased the house. Jared works for EDF Renewable Energy, a wind and solar energy company. In the summer of 2012, he took part in a production of King Lear at Patio Playhouse. Beth works for the City of Escondido as a Traffic Engineer and was instrumental in the Old Escondido neighborhood traffic calming project in 2012. Our daughter is two years old and loves having a house, a yard, and a neighborhood in which to walk, learn, and play. We already love the neighborhood and walking to the library, the Farmer's Market, and the Children's Museum. We are very excited to add our names to the ownership list of 309 E. 5th Avenue. It took us over a year to find our house in the Historic District, because we did not simply view the purchase of a home as an investment. We desired to be stewards of an historic home which we could lovingly (and laboriously) restore and preserve for future generations.

House History

The house is a Craftsman single-story bungalow consisting of eight rooms, including four bedrooms (1760 square feet). The outside is constructed of four-inch clapboard siding with a low-pitch gabled roof, including a gabled front porch. Research (still pending) and visual inspection indicates the house might have originally been painted white with light blue trim on windows and doors.

There have been no significant alterations to the exterior of the house. A small roof extension was added (date unknown) to the south side of the house at the back door. A split-rail fence was installed on the front and east sides of the house in the 2000's, along with a lattice-style privacy fence on the west side. Original window screens (listed in the Assessor Building Notes) have been lost.

The interior of the house consists of eight rooms: a large combined living and dining room, kitchen and breakfast nook, four bedrooms, and two bathrooms. Most of the original, charming features of the interior are in place and in very good condition. These include:

- Solid wood (oak and tiger oak) floors,
- Double-hung windows with multi-paned tops (many panes of glass are original),
- Octagonal glass knobs on interior doors,
- Gray brick fireplace with built-in bookshelves on both sides,
- Built-in buffet in the dining room
- Built-in cabinets in the hall, original bathroom, and master bedroom
- Cove ceilings and picture rail in living and dining room, and
- Crown molding in two bedrooms.

In the original floor plan, the master bedroom had two small closets. While the Durbins were living in the house, the current laundry room (off the kitchen) was a mudroom. There was a sink and toilet to the left of the screen door. They or a later owner moved the wall to its current location to add a full bathroom off the Master bedroom (absorbing the second closet). Additionally, the Rasmussens removed the wall dividing the breakfast nook and the dining room, as well as removed a swinging door dividing the kitchen from the dining room. They also built the arbor and planted several of the fruit trees.

The Building Assessor Notes shows the house once had wooden window screens, and the original hooks remain on all windows. It is our intention to install historically appropriate wood screens on the windows.

The property also includes an original one-car garage with bi-fold doors, a sunken brick patio, and an outdoor stone chimney. The garage was built at the same time as the house, and features a sunken cement hole in the car for car repair. Oral interviews from a neighbor indicate the patio and chimney might also be original.

Owner/Occupant**Effective Date**

Jared L. and Rachael E. Kassebaum

March 17, 2014

Lars and Jennifer Rasmussen

January 5, 1999

Donald T. Bray and Julianne La Frankie-Bray

November 15, 1989

Luther O. and Marion Catherine Durbin

October 5, 1943

Martin W. and Iona M. Perry

December 7, 1923

R. M. and Beulah W. Howland

June 1, 1920

Sarah E. and Jesse Newton

September 12, 1903

Mrs. E. S. Burson

September 26, 1899

Mary D. and Charles D. Todd

April 9, 1895

E. Monroe Neel

April 8, 1895

Mrs. Viola N. Lindsay

September 29, 1893

Mr. A. S. Lindsay

May 19, 1887

(from The Escondido Land and Town Co.)

**NOMINATION REPORT FOR THE CITY OF ESCONDIDO
LOCAL REGISTER OF HISTORIC PLACES**

Address of Resource: 309 East Fifth Avenue

Existing Use: Residential

Zoning: R-1-6

General Plan Designation: Urban 1

Tier Designation: Central/Tier 1

Construction Date: c1915

Meets Ordinance Criteria 2 and 5 for Local Register Listing.

Justification for Register Listing:

This neat-appearing California bungalow is a single-story with a low wide gabled roof with gables facing sides. A gabled porch with plain brackets, a vertical lath vent and exposed beam ends jut out from the front side. Narrow clapboard siding sheaths the building. Square porch columns trimmed with moldings support the porch roof. Double-hung windows in a series of three with multi-paned tops are placed on each side of the front door which matches the windows. Windows and gable ends on the side match those on the front and a pergola fills the ell between the east wing and the side of the front of the house.

Staff Recommendation:

Staff recommends this resource be placed on the Local Register.

Commission Action:

On May 5, 1992, the Commission voted unanimously to approve placing this resource on the Local Register.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and [Insert Owners' Names] (hereinafter referred to as "the OWNERS").

Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and
2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and
3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and
4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY to retain its characteristics as a property of historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation of Property. The OWNERS agree to the preserve the PROPERTY and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code. In particular, the OWNERS agree to make all of the improvements identified in Attachment "B" during the initial term of this Agreement.

PK JK OWNER'S INITIALS

3. Inspections. The OWNERS agree to permit the periodic examination of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

PK JK OWNER'S INITIALS

4. Term of Agreement. This Agreement shall be effective and shall commence on the date this Agreement is approved by a resolution of the City Council and shall remain in effect for a period of ten (10) years thereafter.

5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Upon receipt by the OWNERS of a notice of nonrenewal from the CITY, the OWNERS

may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS have breached any of the conditions or covenants of this Agreement or have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property. The CITY may also cancel this Agreement if it determines that the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in this Agreement.

RSEK JLK OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285. Notice of the hearing shall be mailed to the last known address of each owner of property within the same historic zone as the PROPERTY and shall be published in accordance with California Government Code section 6061.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the then current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions contained in this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.

RSEK JLK OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of the effect this Agreement will have on the assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.

13. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.

14. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.

15. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.

16. Binding Effect. This Agreement shall be binding on and inure to the benefit of all successors-in-interest of the OWNERS. A successor-in-interest shall have the same rights and obligations under this Agreement as the OWNERS.

17. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

18. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

19. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

20. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

21. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: [Insert Names and Mailing Address]

Jared & Rachael
Kassebaum
309 E. 5th Ave
Escondido, CA
92025

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

22. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

23. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Lori Holt Pfeiler, Mayor

Dated: _____

By: _____
Marsha Whalen, City Clerk

OWNERS

Dated: _____

By: Rachael E. Kassebaum
[Insert Name] Rachael Kassebaum
(This signature must be notarized.)

Dated: _____

By: Jose L. Kassebaum
[Insert Name] Jose L. Kassebaum
(This signature must be notarized.)

Dated: _____

By: _____
[Insert Name]
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

RESOLUTION NO. 2014-160

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY CLERK
TO EXECUTE, ON BEHALF OF THE CITY, A
MILLS ACT CONTRACT, AKA AN HISTORIC
PROPERTY PRESERVATION AGREEMENT,
WITH JARED L. KASSEBAUM AND RACHAEL
E. KASSEBAUM FOR THE PROPERTY
LOCATED AT 309 EAST FIFTH AVENUE

(CASE No. HP-14-0003)

WHEREAS, the Mills Act is a state law enabling owners of designated historic properties to enter into a Historic Preservation Agreement ("Agreement") with their local legislative body and receive a property tax reduction; and

WHEREAS, Jared L. Kassebaum and Rachael E. Kassebaum ("Owners") have submitted a request to enter into an Agreement with the City for property located at 309 East Fifth Avenue (APN 233-281-0200); and

WHEREAS, this property qualifies for the Agreement since it was recommended by the Historic Preservation Commission to be approved for a Mills Act Contract on October 7, 2014; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to approve the Agreement for the property located at 309 East Fifth Avenue, as recommended by the Historic Preservation Commission on October 7, 2014.

1. That the above recitations are true.

2. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, an Agreement with the Owners for the property located at 309 East Fifth Avenue (APN 233-281-0200). A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

Case: HP14-0003

Resolution No. 2014-160
Exhibit A
Page 1 of 10

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and Jared L. Kassebaum and Rachael E. Kassebaum (hereinafter referred to as "the OWNERS").

Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and

2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and

3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and

4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY and to preserve the PROPERTY so as to retain its characteristics as a property of cultural, architectural, and historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants, and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation/Rehabilitation and Maintenance of Property. During the term of this Agreement, the PROPERTY shall be subject to the following conditions, requirements, and restrictions:

a. The OWNERS agree to preserve/rehabilitate and maintain the cultural, historical, and architectural characteristics of the PROPERTY during the term of this Agreement as set forth in the attached schedule of improvements identified as Attachment B.

b. The OWNERS shall maintain all buildings, structures, yards, and other improvements in a manner which does not detract from the appearance of the immediate neighborhood. Prohibited property conditions include, but are not limited to:

- i. Dilapidated, deteriorating, or unrepaired structures, such as fences, roofs, doors, walls, and windows;
- ii. Scrap lumber, junk, trash, or debris;
- iii. Abandoned, discarded, or unused objects or equipment, such as automobiles, automobile parts, furniture, stoves, refrigerators, cans, containers, or similar items;
- iv. Stagnant water or excavations, including swimming pools or spas; and
- v. Any device, decoration, design, or structure, or vegetation which is unsightly by reason of its height, condition, or its inappropriate location.

c. All improvements and work performed on the PROPERTY shall meet, at a minimum, the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, the State Historical Building Code, and the applicable development codes of the City of Escondido.

d. Upon the CITY'S request, the OWNERS shall submit within thirty (30) days documentation of expenditures incurred within the last 24 months to accomplish items from the list of scheduled improvements for the PROPERTY as set forth in Attachment B of the Historic Property Preservation (Mills Act) Agreement. The OWNERS shall be in substantial compliance with the scheduled improvements set forth in Attachment B when the expenditures incurred to accomplish the improvements are equal to or greater than the

OWNERS' annual property tax savings for the last 24 months, as determined by the CITY, based upon the County Tax Assessor's valuation of the PROPERTY using the process set forth in Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

e. OWNERS shall, within thirty (30) days after written notice from the CITY, furnish the CITY with any information the CITY shall require to enable the CITY to determine (i) the PROPERTY'S present state; (ii) the PROPERTY'S continued eligibility as a qualified historic property; and (iii) whether the OWNERS are in compliance with this Agreement.

_____ OWNER'S INITIALS

3. Inspections. The OWNERS agree to permit periodic examinations/inspections of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

_____ OWNER'S INITIALS

4. Term of Agreement. This Agreement shall be effective and shall commence on January 1st of the year following the successful recordation of this document by the County Recorder's Office and shall remain in effect for a period of ten (10) years thereafter.

5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve a written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. The CITY may issue a notice of nonrenewal if the CITY determines improvements, maintenance, rehabilitation, renovation, and/or restoration of the PROPERTY is required for the PROPERTY'S continued eligibility as a qualified historic property. Upon receipt by the OWNERS of a notice of nonrenewal from the

CITY, the OWNERS may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS: (a) have breached any of the conditions or covenants of this Agreement; (b) have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property as defined in California Government Code section 50280.1; or (c) if the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in Paragraph 2 of this Agreement.

OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay those cancellation fees set forth in California Government Code sections 50280 et seq., described herein. Upon cancellation, OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions pursuant to this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.

OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of

assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Enforcement of Agreement. As an alternative to cancellation of the Agreement for breach of any condition as provided in Paragraph 8, the CITY may, in its sole discretion, specifically enforce, or enjoin the breach of the terms of this Agreement. In the event of a default, under the provisions of this Agreement by the OWNERS, the City shall give written notice to OWNERS by registered or certified mail. If such violation is not corrected to the reasonable satisfaction of CITY within thirty (30) calendars days after the date of notice of violation, or within such reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) calendar days and thereafter diligently pursued to completion), the CITY may, without further notice, declare OWNERS to be in breach under the terms of this Agreement, and may bring any action necessary to specifically enforce the obligations of the OWNERS growing out of the terms of this Agreement or apply for such other relief as may be appropriate under local, state, or federal law.

13. Indemnification. OWNERS shall indemnify, defend (with counsel reasonably acceptable to CITY) and hold harmless the City of Escondido, and all of its boards, commissions, departments, agencies, agents, officers, and employees from and against any and all actions, causes of actions, liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses (collectively the "Claims") incurred in connection with or arising in whole or in part from this Agreement, including without limitations:

- a. any accident, injury to or death of a person, loss of or damage to property incurring in or about the PROPERTY;
- b. the use or occupancy of the PROPERTY by OWNERS, their agents or invitees;
- c. the condition of the PROPERTY;
- d. any construction or other work undertaken by OWNERS of the PROPERTY.

This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, experts and the CITY'S cost for investigating any Claims. OWNERS shall defend the CITY and all of its boards, commissions, departments, agencies, agents, officers, and employees from any and all Claims even if such Claim is groundless, fraudulent, or false. The OWNERS' obligations under this Paragraph shall survive termination of this Agreement.

_____ OWNER'S INITIALS

14. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.
15. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.
16. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.
17. Attorney's Fees. In the event legal proceedings are brought by any party or parties hereto, to enforce or restrain a violation of any of the covenants, reservations, or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover its reasonable attorney's fees in addition to court costs and other relief ordered by the court.
18. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.
19. Binding Effect. This Agreement shall be binding on and inure to the benefit of all parties herein, their heirs, successors-in-interest, legal representatives, assigns and all persons acquiring any part or portion of the PROPERTY, whether by operation of law or otherwise, and that any such person(s) shall have the same rights and obligations under this Agreement.

20. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

21. Sale. If the PROPERTY is sold, the OWNERS shall notify the CITY of the sale and present to the CITY a signed statement from the new owners indicating that a copy of this agreement was provided to them.

22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

23. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

24. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

25. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: Jared L. & Rachael E. Kassebaum
309 East 5th Avenue
Escondido, CA 92025

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

26. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

27. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Sam Abed, Mayor

Dated: _____

By: _____
Diane Halverson, City Clerk

OWNERS

Dated: _____

By: _____
Jared L. Kassebaum
(This signature must be notarized.)

Dated: _____

By: _____
Rachael E. Kassebaum
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

ATTACHMENT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF LOTS 9 AND 10 OF BLOCK "T" OF TOWN OF ESCONDIDO, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 336, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 10, 1886, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 9; THENCE WESTERLY ALONG THE NORTHERLY LINE OF LOTS 9 AND 10 IN BLOCK "T", 55 FEET; THENCE SOUTHERLY IN A STRAIGHT LINE TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 9 DISTANT THEREON 43.69 FEET WESTERLY FROM THE MOST EASTERLY CORNER OF SAID LOT 9; THENCE EASTERLY ALONG SAID SOUTHERLY LINE 43.69 FEET TO THE MOST EASTERLY CORNER OF LOT 9 AFORESAID; THENCE NORTHERLY ALONG THE EASTERLY LINE OF SAID LOT 9 TO THE POINT OF BEGINNING.

ALSO THE WESTERLY 15 FEET OF IVY STREET ADJOINING SAID LOT 9 ON THE EASTERLY SIDE, AS CLOSED TO PUBLIC USE FEBRUARY 1, 1921 BY ORDINANCE NO. 217 OF THE BOARD OF TRUSTEES OF THE CITY OF ESCONDIDO.

APN: 233-281-02-00

ATTACHMENT "B"

Mills Act Application List of Improvements

Property Address: 309 East 5th Avenue
Property Owners: Jared and Rachael Kassebaum

- 1) Replace old furnace and ductwork (completed)
- 2) Repair water-damaged bathroom subfloor (completed)
- 3) Termite tenting of main house (completed)
- 4) Upgrade electrical system from 60A to 200A service (completed)
- 5) Repair and repaint front wood fence (completed)
- 6) Repair original front screen door (completed)
- 7) Remove trees threatening foundation and trim those scraping the roof (completed)
- 8) Restore 28 existing double-hung windows (planned)
- 9) Install replacement wooden window screens (planned)
- 10) Restore existing garage (planned)
- 11) Repaint main house and garage (planned)
- 12) Repair and/or replace sections of back fence and gate (planned)

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 9

Date: October 22, 2014

TO: Honorable Mayor and City Council
FROM: Barbara J. Redlitz, Director of Community Development
SUBJECT: Mills Act Contract for a Local Register Property at 538 East 9th Avenue (Case HP 14-0001)
APPLICANTS: Keith C. & Cecilia Moore

RECOMMENDATION:

1. Authorize entering into a Mills Act Contract by adopting Resolution No. 2014-141.
2. Approve the CEQA Exemption.

ENVIRONMENTAL STATUS:

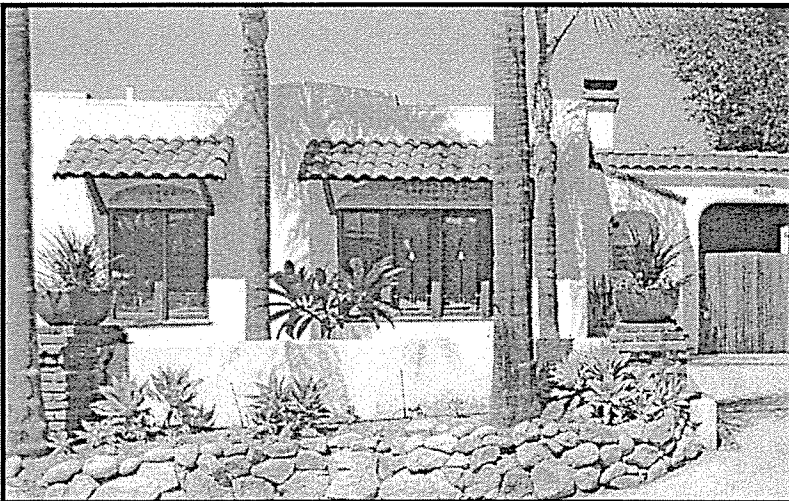
In compliance with CEQA Section 15331, "Historical Resource Restoration/ Rehabilitation", a Notice of Exemption was prepared on July 31, 2014.

FISCAL ANALYSIS:

Approval of the Mills Act Contract would reduce the property tax to the homeowner, and proportionately reduce the City's share of property taxes. The annual tax revenue loss to the City on this property is estimated to be less than \$200. The City has currently entered into 80 Mills Act contracts, which have cumulatively reduced the City share of property taxes by approximately \$17,300. Studies recently completed in the County show that Mills Act approved properties increase in value an average of 16%, neighboring properties within 250 feet increase in value an average of 3.7%, and properties within 500 feet increase in value an average of 1.6%.

GENERAL PLAN ANALYSIS:

The property is located within the Urban I (U1) land use designation of the General Plan. Historic & Cultural Resources Policy VII.G encourages the preservation of buildings and areas with special and recognized historic and architectural value.



PREVIOUS ACTION:

The Historic Preservation Commission (HPC) voted unanimously to recommend approval of entering into a Mills Act Contract on August 5, 2014.

BACKGROUND:

The subject property, addressed as 538 East 9th Avenue (APN 233-431-1000), is on .21 acre located along the north side of East 9th Avenue between South Hickory and Chestnut Streets. The property includes a 1,353 SF single-story Mediter-ranean Revival home and 380 SF single-bay garage. The residence was built in

1928 by Howard L Black, a prominent dentist, who's practice was at the corner of Grand Avenue & Broadway where Draper's & Damon's is now located. In 1950 Dr. Black was murdered by his wife Gloria in their kitchen and the resulting trial and conviction became prominent regional headlines. Various structural additions were later added by subsequent owners to the rear of the property, but are not historic and will not be part of the Assessor's tax savings calculations.

ANALYSIS:

Escondido Historical/Cultural Resources Survey

On June 2, 1992, the Historic Preservation Commission voted unanimously to list the subject property on the Local Register of Historic Places, justifying their decision because it met these two criteria:

- Escondido building or buildings that embody distinguishing characteristics of an architectural type, specimen, or are representative of a recognized architect's work and are not substantially altered.
- Resources that are 50 years old or older or have already achieved historical significance.

(Local Register listing requests require that the resource meet at least two of seven criteria.)

The present applicant was asked by staff to provide additional information regarding the property's history to help update the City's files. The applicant has conducted the required historic research and data collection, and has provided the information in the required State Department of Parks and Recreation form format (see attached). The information provided by the applicant includes historical background and descriptive analysis of the architectural style and is adequate to meet current requirements.

Mills Act Contract:

The Mills Act is a provision in state law that enables owners of designated historic properties to voluntarily enter into a preservation contract with the City and receive a reduction in their property taxes. The contract runs for ten years and it is automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the owner make a commitment to maintain the property and complete other improvements (see Attachment 'B' of the contract). As indicated, significant improvements at this property by the new owners are being contemplated. Under the terms of the Mills Act, owners can list appropriate improvement projects they have already done, are doing currently and can also include additional projects in the future with prior HPC or Planning Division approval. All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review.

CONCLUSION:

By approving the Mills Act, the City would be incurring a small loss per year of property tax revenue. This will provide the property owner a tax savings that will be earmarked for preserving the property.

Respectfully submitted,



Barbara J. Redlitz
Director of Community Development



Paul K. Bingham
Assistant Planner II

HISTORIC PRESERVATION COMMISSION

Agenda Item No.: G.2
Date: August 5, 2014

TO: Historic Preservation Commission

FROM: Paul Bingham, Assistant Planner II

REQUESTS: Residence addressed as 538 East Ninth Avenue (case number HP14-0001)

1. Mills Act contract request and
2. Consideration of the proposed CEQA exemption

RECOMMENDATION: Forward recommendation of approval to the City Council

BACKGROUND:

City of Escondido Historical/Cultural Resources Survey

A City of Escondido Historical/Cultural Resources Survey was completed in 1990 (Agis, May 1990). Close to 1,000 resources were inventoried in the survey for their significance. The Survey of 1990 was conducted in compliance with procedures established by the U.S. Department of the Interior, National Park Service and the State Office of Historic Preservation. A Historical/Cultural Resources Survey is a collection of information that identifies documents and describes the historical resources in the community. The survey also associates the resources with historical events and/or people. Among other preservation programs, the survey serves as the basis for historic preservation plans. The survey also fulfills a higher level of historic nomination requirements (Local, State and National), it allows for the applicability of Historic Building Code in regard to rehabilitation/renovation of structures, and justifies local, state and federal funding assistance.

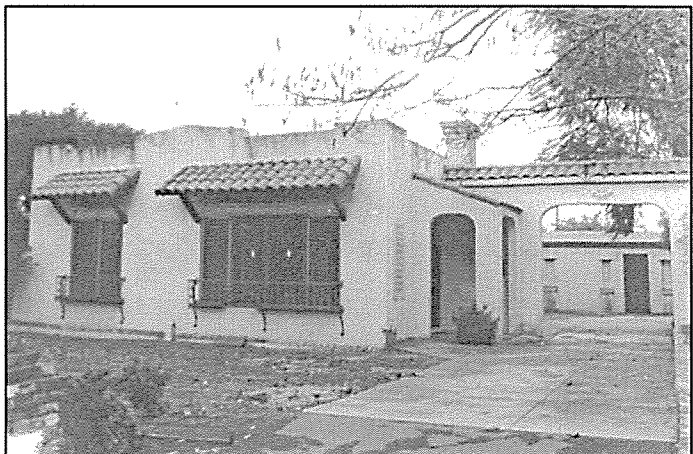
Local Register of Historic Places Listing

The Historic Preservation Ordinance No. 2000-23, Section 33-794-5 identifies a process and criteria for listing historic structures on the City's Local Register. Requests for listing on the Local Register require that both the Historic Preservation Commission and the City Council conduct a public hearing to consider the request. The historic resource is evaluated against seven criteria and must meet at least two of the seven.

Mills Act Contract and Property Applying

The Mills Act is a state law that enables owners of designated historic properties to enter into a preservation contract with their local legislative body and receive a substantial reduction in the property taxes. One of the incentives for the preservation of historic and/or cultural resources, approved in 1989, allows property owners of designated historic resources to enter into a Mills Act contract with the City. The revised Historic Ordinance 92-409, adopted by Council on October 28, 1992, clarified that a property owner may apply for a Mills Act contract if the resource has been listed as a Local Register property. The subject property was approved for listing on the City's Local Register on June 2, 1992. The current property owner is currently requesting to enter into a Mills Act contract.

The subject property at 538 East Ninth Avenue (APN 233-431-1000) consists of .24 acres with the main 2-bedroom single-story 1353 SF Mediterranean Revival house built in 1928. Adjacent to the main house is a 380 SF detached "Granny Flat" which was the original



garage. This structure is located directly north of the arched gateway at the back of the driveway. In 2004 approval was obtained for construction of an 853 SF two-car single-story garage off the alley and an 843 SF addition to the rear of the main house. Both were done in a style matching the original structures. The rear addition replaced an older one that had been poorly built and done without regard to the style of the house. An old hand-dug swimming pool in the far northwestern corner of the backyard, which had become non-functional and a health and safety hazard, was also demolished and filled in at that time. Some original retaining walls and mature trees also exist on the site. Except for the stain glassed windows and a gate and wooden cover added over the back of the driveway, the property appears to have had no other significant exterior alterations.

ANALYSIS

Escondido Historical/Cultural Resources Survey

The applicant has conducted the required historic research and data collection, and has provided the information on the required format State Department of Parks and Recreation forms (see attached). The information provided by the applicant, includes more complete historical background and descriptive analysis of the architectural style and will add substantially to what is currently included in the City's survey.

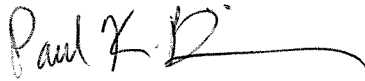
Local Register of Historic Places Listing

This resource was placed on the Local Register by previous Historic Preservation Commission and Council actions taken on or before June 2, 1992.

Mills Act Contract

The Mills Act contract is for a minimum of ten years, automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the property owner make a commitment to maintain the structure and surrounding property, per a maintenance schedule that has been included with this report (see attached). All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review. Staff feels that the proposed Mills Act Contract is appropriate since the property meets the established criteria for a historic resource, and adequate improvements have been listed.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Paul K. Bingham", with a long horizontal flourish extending to the right.

Paul K. Bingham
Assistant Planner II

Mills Act Application List of Improvements

Property Address: 538 East 9th Avenue
Property Owners: Keith and Cecilia Moore

1. Repair roof and bring up to Code (planned)
2. Improve front landscaping (planned)
3. Repair hardscape in front, side and backyards (planned)
4. Repair/refinish exterior of existing chimney (planned)
5. Repair/refinish/add liner to interior of existing chimney and fireplace (planned)
6. Repair exterior tile work where needed (planned)
7. Repair where needed and paint exterior walls (planned)
8. Finish upgrading house electrical system to meet current Code (planned)
9. Finish upgrading house plumbing system to meet current Code (planned)
10. Re-glaze/re-string and repair/refinish original windows and trim (planned)
11. Restore/repair original front door (planned)
12. Remove security screening (planned)



CITY OF ESCONDIDO
PLANNING DIVISION
201 NORTH BROADWAY
ESCONDIDO, CA 92025-2798
(760) 839-4671

Notice of Exemption

To: San Diego County Recorder's Office
Attn: Vanessa Esquivel
P.O. Box 121750
San Diego, CA 92112-1750

From: City of Escondido
201 North Broadway
Escondido, CA 92025

Project Title/Case No.: HP-14-0001

Project Locations - specific: On the north side of East Ninth Avenue between Hickory Street and Chestnut Street, addressed as 538 East Ninth Avenue (APN: 233-431-1000).

Project Location - City: Escondido, **Project Location - County:** San Diego

Description of Project:

To approve a Mills Act Contract for the subject property to assist the owners with future preservation in the R-1-6 (Single-Family Residential, 6,000 SF minimum lot size) zone, located in the U1 (Urban I) land use designation of the General Plan.

Name of Public Agency Approving Project: City of Escondido

Name(s) of Person or Agency Carrying Out Project:

Names: Keith & Cecilia Moore

Telephone: (858) 449-72509

Address: 538 East Ninth Avenue, Escondido, CA 92025

☒ Private entity ☐ School district ☐ Local public agency ☐ State agency ☐ Other special district

Exempt Status:

Categorical Exemption: Section 15331, Class 31. "Historic Resource Restoration/Rehabilitation

Reasons why project is exempt:

1. The project is within the R-1-6 zone, UI General Plan land use designation and no variances are required.
2. The project will be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties with guidelines for preserving, rehabilitating, restoring and reconstructing historic buildings.
3. The project will not be limited by the factors in section 15300.2 and will not adversely change the significance of a historical resource.

Lead Agency Contact Person: Paul K. Bingham

Area Code/Telephone/Extension (760) 839-4306

Signature: Paul K. Bingham
Assistant Planner

7/31/14
Date

☒ Signed by Lead Agency

Date received for filing at OPR:

☐ Signed by Applicant



CITY OF ESCONDIDO
Planning Division
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4671
Fax: (760) 839-4313

FOR INTERNAL USE ONLY	
Case No.	HP 14-0001
Date Submitted:	5/19/14
Project Planner:	P.B.
Fees:	312.00
Receipt No.:	23240
☐ Incomplete	Date of Notice
☐ Complete	Date

**HISTORIC PROPERTY PRESERVATION
(MILLS ACT) APPLICATION AND AGREEMENT**

APPLICANT/CONTACT PERSON

Name (Print): Keith C Moore
Address: 538 E 9th Avenue
City, State, Zip: Escondido, CA 92025
Phone: 858-449-7250
Fax: _____
E-mail: zipdang@me.com
Signature:

OWNER (If multiple owners/addresses, attach additional sheets as necessary.)

Name (Print): Keith C Moore
Address: 538 E 9th Avenue
City, State, Zip: Escondido, CA 92025
Phone: 858-449-7250
Fax: _____
E-mail: zipdang@me.com
Signature:
(authorizing applicant to submit application)

SITE INFORMATION

Property Address: 538 E 9th Avenue
Assessor's Parcel Number: 233-431-10-00
Historic Name: Black House

LANDMARK/LOCAL REGISTER INFORMATION

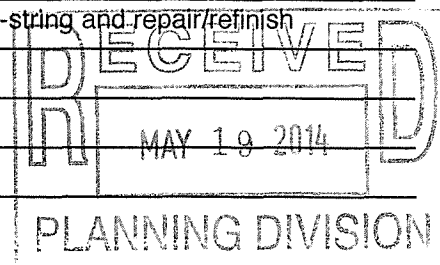
Historic Designation:
☐ Local ☐ State ☐ National
Date of Designation: _____
Local Register Listing: ☒ Yes ☐ No
Date of Listing: June 2, 1992

POTENTIAL STRUCTURE/PROPERTY IMPROVEMENT TIMELINE:

Please list the improvements which are intended to take place over the next 10 years. List them in order of owner's priority. The improvements listed may be as specific or as general as the applicant prefers; however, physical alterations shall comply with the Secretary of Interior standards. Emergency maintenance not identified in this Agreement may be substituted for listed improvements. The listed improvements may be performed out of order, depending on the property owner's financial situation. Visits to the property by City representatives to monitor the progress will be performed every two to three years.

PROPOSED IMPROVEMENTS

Repair roof and bring up to code; improve landscape and repair hardscape front, side and back yards;
repair/refinish/add liner and bring chimney and fireplace up to code; repair exterior tile work; repair and paint
interior and exterior walls; repair/refinish original hardwood floors; restore/repair/refinish original interior doors, trim
and hardware; upgrade electrical (to code); upgrade plumbing (to code); re-glaze/re-string and repair/refinish
original windows and trim; restore/repair original front door; remove security screen



State of California --- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary # _____
HRI # _____
Trinomial _____
NRHP Status Code _____

Other Listings _____
Review Code _____ Reviewer _____ Date _____

Page 1 of 3 *Resource Name or #: (Assigned by recorder) Black House

P1. Other Identifier: _____

*P2. Location: ☐ Not for Publication ☐ Unrestricted

*a. County San Diego and (P2c, P2e, and P2b or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad 5641298 Date 2012 T _____; R _____; _____ 1/4 of _____ 1/4 of Sec _____; _____ B.M.

c. Address 538 E 9th Avenue City Escondido Zip 92025

d. UTM: (Give more than one for large and/or linear resources) Zone _____, _____ mE/ _____ mN
APN 233-431-10-00

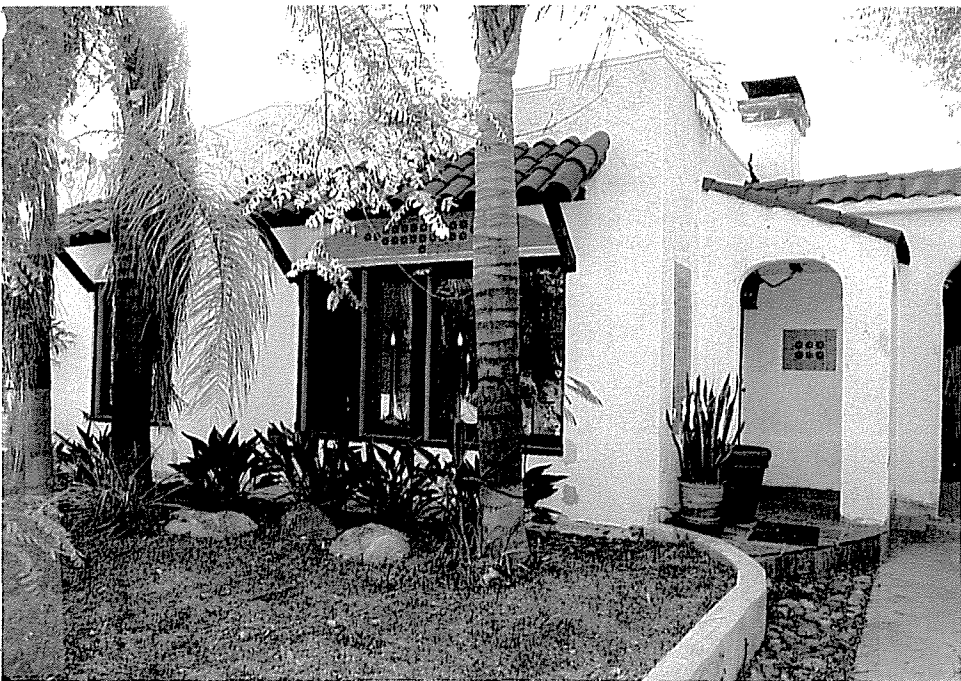
e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate) _____

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

A broken papapet forms an attractive roof-line on this single-story mission-style Mediterranean revival house. Multi-paned front door; multi-paned side windows; and multi-paned front windows flank two stained glass windows. The main living room boasts a high, barrel ceiling. There are two separate outbuildings - a casita (granny flat) and a garage.

*P3b. Resource Attributes: (List attributes and codes) HP2

*P4. Resources Present: ☒ Building ☐ Structure ☐ Object ☐ Site ☐ District ☐ Element of District ☐ Other (Isolates, etc.)



P5b. Description of Photo:
(view, date, accession #) _____
front of house, street view, May 2014

*P6. Date Constructed/Age and Source:

☒ Historic ☐ Prehistoric ☐ Both
1928

*P7. Owner and Address: _____

Keith C Moore
538 E 9th Avenue, Escondido, CA 92025

*P8. Recorded by:

(Name, affiliation, and address)
Keith C. Moore
538 E 9th Avenue, Escondido, CA 92025

*P9. Date Recorded: May 18, 2014

*P10. Survey Type: (Describe) _____

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") _____

Attachments: ☐ NONE ☒ Location Map ☐ Continuation Sheet ☐ Building, Structure, and Object Record
☐ Archaeological Record ☐ District Record ☐ Linear Feature Record ☐ Milling Station Record ☐ Rock Art Record
☐ Artifact Record ☐ Photograph Record ☐ Other (List): _____

State of California -- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
BUILDING, STRUCTURE, AND OBJECT RECORD

Primary # _____

HRI # _____

*NRHP Status Code _____

Black House

Page 2 of 3 *Resource Name or #: (Assigned by recorder)

B1. Historic Name: Black House

B2. Common Name: Black House

B3. Original Use: residential house

B4. Present Use: residential house

*B5. Architectural Style: Mediterranean revival / mission style

*B6. Construction History: (Construction date, alterations, and date of alterations)

Originally constructed in 1928. The breakfast nook and back bedroom were added circa 1940s. New garage was built, and kitchen and bath were remodeled circa 2005-06.

*B7. Moved? ☒ No ☐ Yes ☐ Unknown Date: _____ Original Location: _____

*B8. Related Features:

Separate casita outbuilding; separate garage outbuilding with office room

B9a. Architect: unknown b. Builder: unknown

*B10. Significance: Theme residential architecture Area: Old Escondido Historic District

Period of Significance: _____ Property Type: _____ Applicable Criteria: _____

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

Early California mission style Mediterranean revival. This home was part of the Del Diablo Acres development planned in the 1920s. Original owner, Howard Black, a local dentist, was murdered in his home on March 7, 1950, with a knife, in the kitchen. His wife, Gloria Gould Black, was found guilty of manslaughter.

B11. Additional Resource Attributes: (List attributes and codes) _____

*B12. References:

County assessor records; county property tax records; Times Advocate newspaper records; city telephone directories

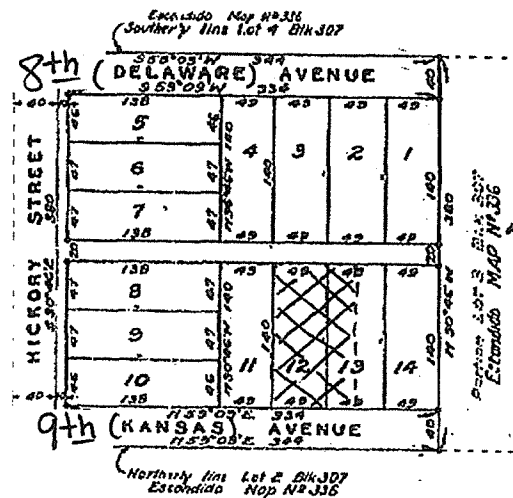
B13. Remarks:

*B14. Evaluator:

*Date of Evaluation: _____

(This space reserved for official comments)

Sketch Map with north arrow required.



Page 3 of 3 *Resource Name or #: (Assigned by recorder)

Black House

Recorded by: _____

Date: _____

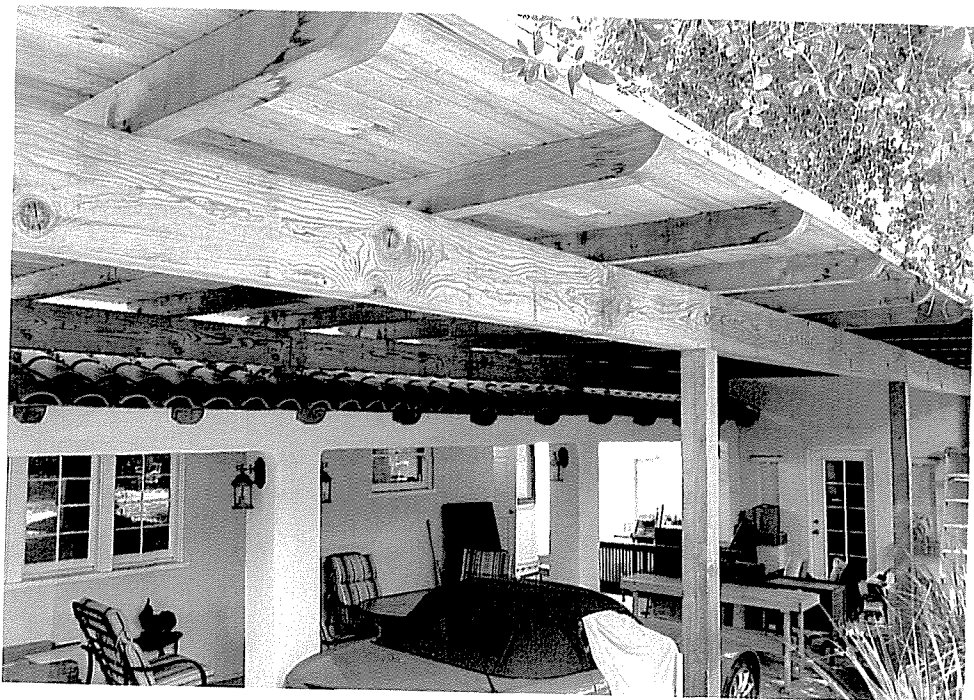
☒ Continuation

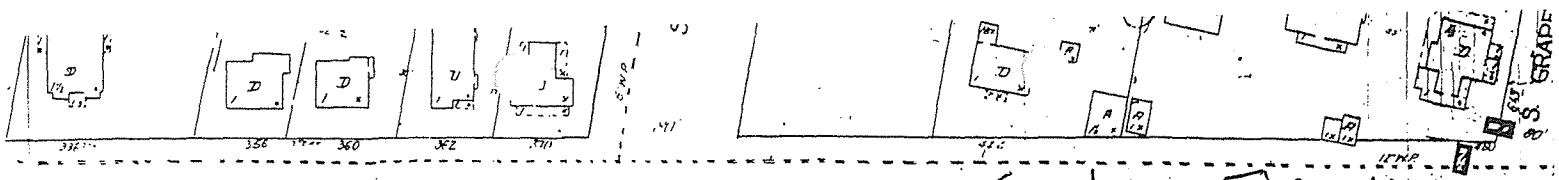
☐ Update

front of house, street view
May 2014

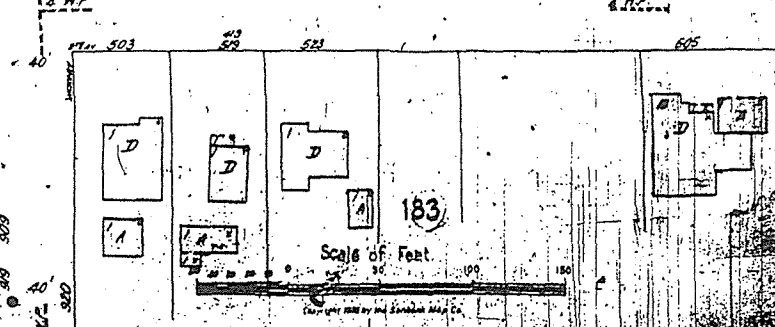
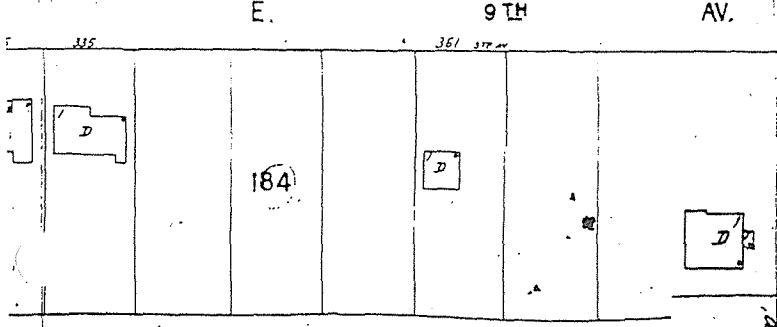
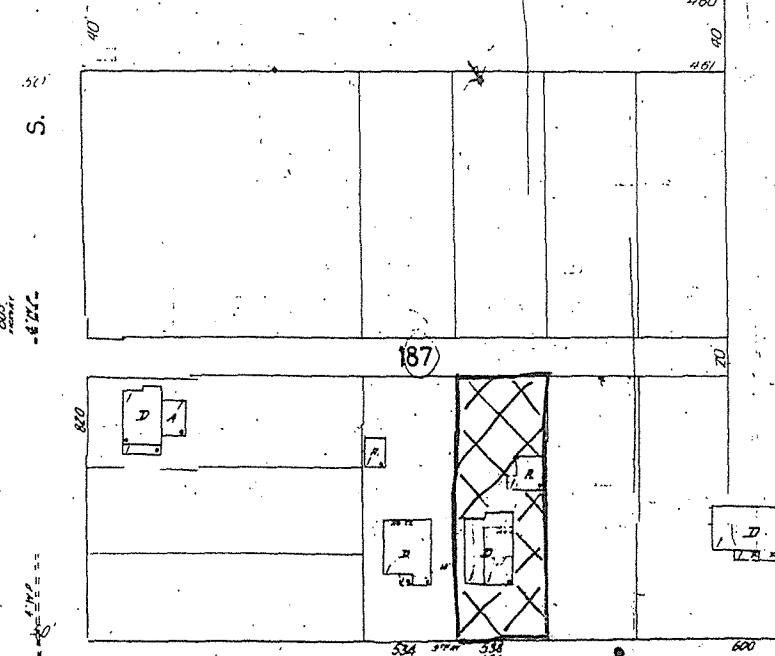
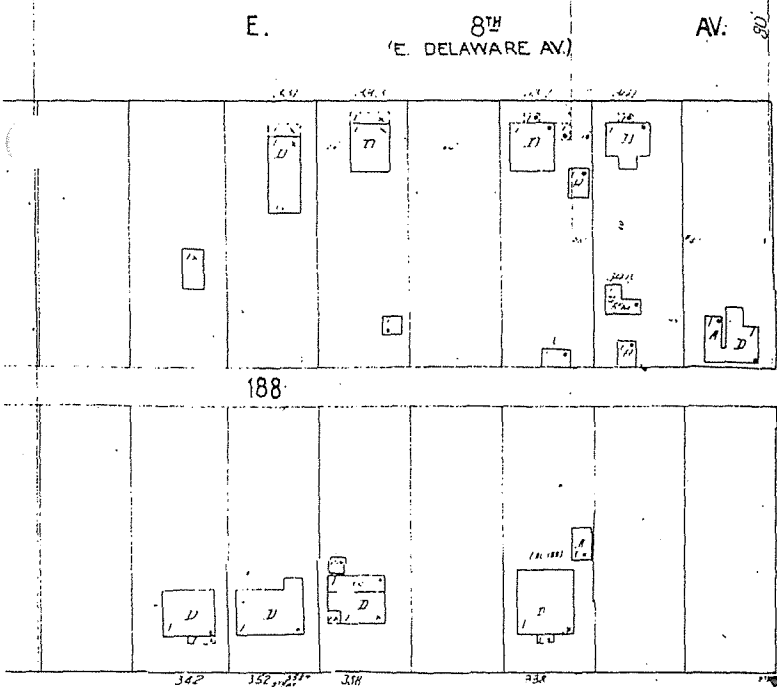
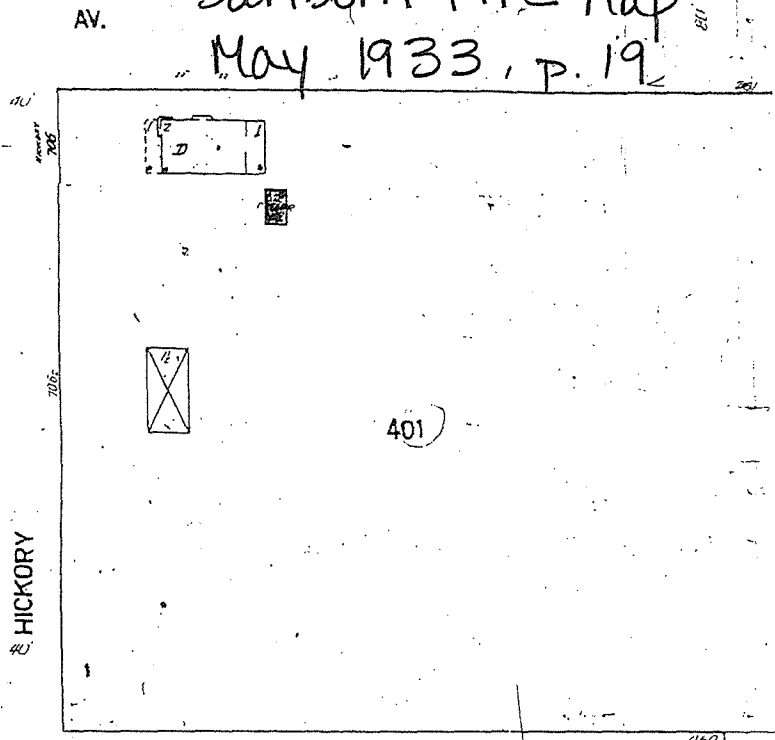
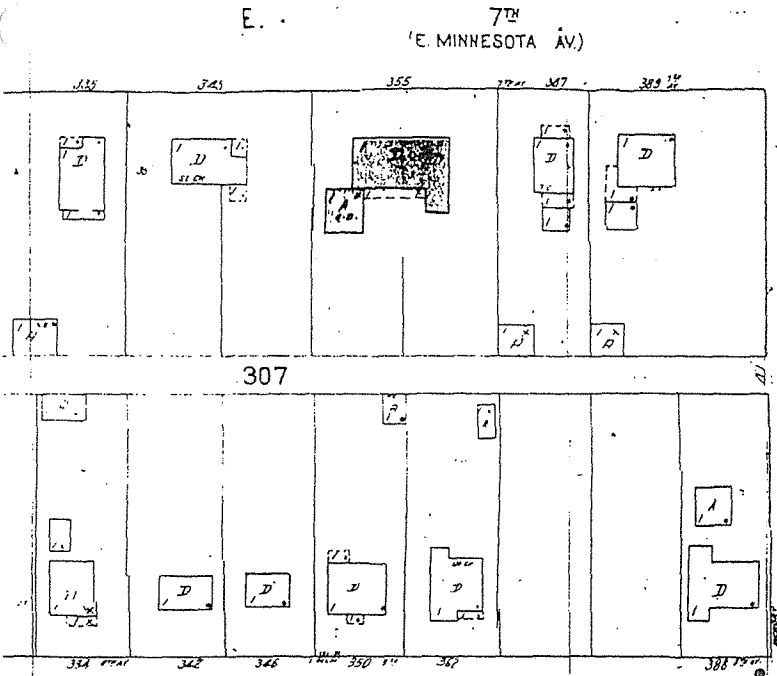


Side of house, side view
May 2014





Sanborn Fire Map
May 1933, p. 19



Scale of Feet
0 30 60 90 120 150

City of Escondido
HISTORIC RESOURCES INVENTORY

IDENTIFICATION AND LOCATION

1. Historic Name

2. Common or Current Name

3. Number & Street 538 E. Ninth Avenue

Ser.No.

Natl. Reg. Status

Local Designation

Local Ranking individ.signif.

Cross-Corridor

City: Escondido Vicinity Only

Zip 92025 County: San Diego

4. UTM zone A E4934.40

B N36641.10

C Zone 11

D

5. Quad map No.

Parcel No. 233-431-10

Other

DESCRIPTION

6. Property Category

If district, number of documented resources

7. Briefly describe the present physical appearance of the property, including condition, boundaries, related features, surroundings, and (if appropriate) architectural style.

A broken parapet forms an attractive roofline on this single-story square house. Shed style roofs of red tile shade the casement style windows. Heavy brackets support the roofs. Multi-paned (10) casement windows in the east end of the front (south-facing) facade. The multi-paned door is located on the east side. A small wrought iron grill runs across the bottom of the windows.

The architectural style is: Mediterranean revival

The condition is: excellent

The related features are: garage

The surroundings are: densely built-up residential

The boundaries are:



8. Planning Agency

City of Escondido

9. Owner and Address

Donald G. & Valerie R. Park

same

10. Type of Ownership private

11. Present Use residence

12. Zoning

13. Threats none known

HISTORICAL INFORMATION

14. Construction Date(s) c1935 Original location unknown Date moved
15. Alterations & date none apparent except stained glass windows
16. Architect unknown Builder unknown
17. Historic attributes (with number from list)

SIGNIFICANCE AND EVALUATION

18. Context for Evaluation: Theme architecture Area
Period Property Type Context formally developed?
19. Briefly discuss the property's importance within the context. Use historical and architectural analysis as appropriate. Compare with similar properties.

20. Sources

21. Applicable National Register criteria

22. Other Recognition:
State Landmark Number

23. Evaluator
Date of Evaluation 1990

24. Survey type

25. Survey name

26. Year Form Prepared 1983
By(Name) Donald A. Cotton Associates
Organization Revised by Aegis 1990
Address 111 Spring Street
City & Zip Claremont, CA 91711
Phone (714) 621 1207

**NOMINATION REPORT FOR THE CITY OF ESCONDIDO
LOCAL REGISTER OF HISTORIC PLACES**

Address of Resource: 538 East Ninth Avenue

Existing Use: Residential

Zoning: R-1-6

General Plan Designation: Urban 4

Tier Designation: Central/Tier 1

Construction Date: 1935

Meets Ordinance Criteria 2 and 5 for Local Register Listing.

Justification for Register Listing:

A broken parapet forms an attractive roof line on this single-story Mediterranean Revival house. Elements of the style are exhibited in the shed-style roofs of red tile shading the casement-style windows, heavy brackets supporting the roofs and multi-paned (10) casement windows with a matching multi-paned door. A small wrought iron grill runs across the bottom of the windows.

Staff Recommendation:

Staff recommends this resource be placed on the Local Register.

Commission Action:

On June 2, 1992, the Commission voted unanimously to approve placing this resource on the Local Register.

LR-

PL\T0221-03

Chain of Title Ownership History
538 E 9th
[aka 428 E 9th aka 428 E Kansas]

Assessor parcel number 233-431-10-00 [aka 233-440-10]
Plot map #2079 filed 11/23/27 – Del Diablo Acres – Lot 12 and SW 26 feet of Lot 13
Built February 1928

Earliest records indicate the purchase of the **land** on which the subject property now sits:

4/5/27 Chas. Mendenhall and Nellie G. Mendenhall purchase **land** from Harry Crise for \$10 what is to become known as Del Diablo Acres, inclusive of the subject property. This is a portion of the Rancho Rincon del Diablo. [*Grant Deed*]

6/28/27 **H. L. Black**, A. J. Kroeckel, Alan B. McGrew, H. A. Donaldson and Joel H. Baldwin purchase **land** from Chas. Mendenhall and Nellie G. Mendenhall for \$10. [*Grant Deed*]

Howard Black moves to Escondido from Los Angeles in 1927, to take over the dental practice of Dr. Neils Matzen. His second floor office is located at 145 E Grand (above what is now Drapers & Damons). [*Times-Advocate*]

8/23/27 Subdivision known as Del Diablo Acres planned by group of Escondido young men – Joel Baldwin, Howard Donaldson, A.L. Kroeckel, Alan McGrew, and **Howard L. Black**. [*Plot map #2079*]

Oct 1927 **Construction begins on the Black home**; foundation laid and work started. [*Cover page, Times-Advocate October 17, 1927*]

11/15/27 Nellie W. Crise sells **land** to Harry W. Crise for \$1. [*Quit Claim*]

11/23/27 Plot map #2079 filed, describing Del Diablo Acres and inclusive of Lot 12 and SW 26 feet of Lot 13 [begun 8/23/27]

Dec 1927 Del Diablo Acres subdivision undergoes grading work, removal of stumps and rocks, and when “the subdivision is completed, there will be sidewalks and curbs. All homes will be built in mission style, with suitable restrictions to make it one of the prettiest divisions of the city.” [*Cover page, Times-Advocate December 19, 1927*]

The home was built in February 1928:

Feb 1928 **Construction on the Black home is completed; Dr. Howard L. Black and Geraldine Black move into their new home.** Address is known as 428 E Kansas. [*Times-Advocate February 8, 1928; city telephone directories*]

1930 Circa 1930, Kansas is renamed to 9th Avenue.

Howard L. Black and Geraldine Black reside at 428 E 9th Avenue. They have a daughter, Barbara, who later moved to Connecticut.

1936 Howard L. Black marries Gloria Gould [DOB 5/10/1906] and they have two sons, Howard P. [aka "Patrick"] and Terry M. [DOB 5/12/37; deceased 9/3/00]. Gloria's brother Michael also lives with them. [*City telephone directories; 1940 census*]

At some date after 1938 and before 1950, the street number changes from #428 to #538.

1936-1950 Howard L. Black and Gloria Gould Black reside at 428 E 9th Avenue. [*City telephone directories*]

3/7/50 Howard L. Black is murdered at his home by his wife, Mrs. Black, in the kitchen, with a knife. [*Times-Advocate*]

5/10/50 Gloria Gould Black stands trial for murder of her husband. Thomas Whelan was Gloria's attorney during the murder trial and appeal. [*Times-Advocate*]

5/31/50 Gloria Gould Black is convicted of manslaughter. [*Times-Advocate*]

6/12/50 Hearing on Motion for New Trial – denied. Gloria Gould Black is imprisoned at Tehachapi state prison. She is released from prison on May 13, 1952, and later dies in Los Angeles on October 31, 1960. [*Times-Advocate*]

8/14/52 Dr. Black's estate is distributed. Gloria Gould Black is bequeathed the residence; the remainder of the estate and business properties are set up as a trust for their two minor sons. [*Times-Advocate August 14, 1952*]

12/17/53 Thomas Whelan purchases lots 12, 13, and 14 in Del Diablo Acres from Gloria Gould Black for \$10. Real property further described as "upon which premises there is a residence known as and numbered 538 East 9th Street, Escondido, California." [*Grant Deed*]

- 12/27/54 Thomas Whelan cuts lot 13 and splits 26 feet to lot 12 and 23 feet to lot 14. At this juncture, the home at 538 E 9th is deeded to Harry H. **Stahl** and Doris Ruth Stahl. [*Assessor tax records*]
- Despite numerous in-depth attempts, we were unable to locate the actual Grant Deed wherein Harry H. Stahl and Doris Ruth Stahl purchase from Thomas Whelan. Believed to be some time between 12/17/53 when Thomas Whelan purchased and 12/27/54, when tax records indicate that the Stahls are owners.
- 1955 Harry and Doris Stahl reside at 538 E 9th Avenue. Harry owns Townecraft Upholstery at 515 W Grand. [*Tax records; city telephone directories*]
- 3/12/57 Deward Curtis **Southwick** and Olive Doris Southwick purchase from Harry H. Stahl and Doris Ruth Stahl. [*Grant Deed*]
- 6/21/62 Dwight E. **Davis** and Shirley A. Davis purchase from Deward Curtis Southwick and Olive Doris Southwick. [*Grant Deed*]
- 11/24/71 Donald G. **Park** (unmarried man) purchase from Dwight E. Davis and Shirley A. Davis. [*Grant Deed*]
- 7/21/94 Rick D. **Sheresh** and Kathleen A. Sheresh purchase from Donald G. Park and Valerie R. Park. [*Grant Deed*]
- 11/20/03 Lisa M. **Jensen** purchase from Rick D. Sheresh and Kathleen A. Sheresh. [*Grant Deed*]
- 4/24/14 Keith C. **Moore** and Cecilia Moore purchase from Lisa M. Jensen. [*Grant Deed*]

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and [Insert Owners' Names] (hereinafter referred to as "the OWNERS").

Keith C Moore & Cecilia Moore
Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and
2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and
3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and
4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY to retain its characteristics as a property of historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation of Property. The OWNERS agree to the preserve the PROPERTY and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code. In particular, the OWNERS agree to make all of the improvements identified in Attachment "B" during the initial term of this Agreement.

W. C. R. OWNER'S INITIALS

3. Inspections. The OWNERS agree to permit the periodic examination of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

W. C. R. OWNER'S INITIALS

4. Term of Agreement. This Agreement shall be effective and shall commence on the date this Agreement is approved by a resolution of the City Council and shall remain in effect for a period of ten (10) years thereafter.

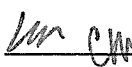
5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Upon receipt by the OWNERS of a notice of nonrenewal from the CITY, the OWNERS

may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS have breached any of the conditions or covenants of this Agreement or have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property. The CITY may also cancel this Agreement if it determines that the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in this Agreement.

 OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285. Notice of the hearing shall be mailed to the last known address of each owner of property within the same historic zone as the PROPERTY and shall be published in accordance with California Government Code section 6061.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the then current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions contained in this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.

 OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of the effect this Agreement will have on the assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.

13. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.

14. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.

15. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.

16. Binding Effect. This Agreement shall be binding on and inure to the benefit of all successors-in-interest of the OWNERS. A successor-in-interest shall have the same rights and obligations under this Agreement as the OWNERS.

17. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

18. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

19. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

20. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

21. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: [Insert Names and Mailing Address]

Keith C Moore
Cecilia Moore

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

538 E 9th Ave
Escondido CA
92025

22. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

23. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Lori Holt Pfeiler, Mayor

Dated: _____

By: _____
Marsha Whalen, City Clerk

OWNERS

Dated: 5-18-14

By: _____
[Insert Name]
(This signature must be notarized.)

Dated: 5.18.14

By: _____
[Insert Name]
(This signature must be notarized.)

Dated: _____

By: _____
[Insert Name]
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

RESOLUTION NO. 2014-141

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY CLERK
TO EXECUTE, ON BEHALF OF THE CITY, A
MILLS ACT CONTRACT, AKA AN HISTORIC
PROPERTY PRESERVATION AGREEMENT,
WITH KEITH C. MOORE AND CECILIA
MOORE FOR THE PROPERTY LOCATED AT
538 EAST NINTH AVENUE

(CASE No. HP-14-0001)

WHEREAS, the Mills Act is a state law enabling owners of designated historic properties to enter into a Historic Preservation Agreement ("Agreement") with their local legislative body and receive a property tax reduction; and

WHEREAS, Keith C. Moore and Cecilia Moore ("Owners") have submitted a request to enter into an Agreement with the City for property located at 538 East Ninth Avenue (APN 233-431-1000); and

WHEREAS, this property qualifies for the Agreement since it was recommended by the Historic Preservation Commission to be approved for a Mills Act Contract on August 5, 2014; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to approve the Agreement for the property located at 538 East Ninth Avenue, as recommended by the Historic Preservation Commission on August 5, 2014.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, an Agreement with the Owners for the property located at 538 East Ninth Avenue (APN 233-431-1000). A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

Resolution No. 2014-141
Exhibit A
Page 1 of 10

Case: HP14-0001

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and Keith C. Moore and Cecilia Moore (hereinafter referred to as "the OWNERS").

Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and

2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and

3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and

4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY and to preserve the PROPERTY so as to retain its characteristics as a property of cultural, architectural, and historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants, and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation/Rehabilitation and Maintenance of Property. During the term of this Agreement, the PROPERTY shall be subject to the following conditions, requirements, and restrictions:

a. The OWNERS agree to preserve/rehabilitate and maintain the cultural, historical, and architectural characteristics of the PROPERTY during the term of this Agreement as set forth in the attached schedule of improvements identified as Attachment B.

b. The OWNERS shall maintain all buildings, structures, yards, and other improvements in a manner which does not detract from the appearance of the immediate neighborhood. Prohibited property conditions include, but are not limited to:

- i. Dilapidated, deteriorating, or unrepaired structures, such as fences, roofs, doors, walls, and windows;
- ii. Scrap lumber, junk, trash, or debris;
- iii. Abandoned, discarded, or unused objects or equipment, such as automobiles, automobile parts, furniture, stoves, refrigerators, cans, containers, or similar items;
- iv. Stagnant water or excavations, including swimming pools or spas; and
- v. Any device, decoration, design, or structure, or vegetation which is unsightly by reason of its height, condition, or its inappropriate location.

c. All improvements and work performed on the PROPERTY shall meet, at a minimum, the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, the State Historical Building Code, and the applicable development codes of the City of Escondido.

d. Upon the CITY'S request, the OWNERS shall submit within thirty (30) days documentation of expenditures incurred within the last 24 months to accomplish items from the list of scheduled improvements for the PROPERTY as set forth in Attachment B of the Historic Property Preservation (Mills Act) Agreement. The OWNERS shall be in substantial compliance with the scheduled improvements set forth in Attachment B when the expenditures incurred to accomplish the improvements are equal to or greater than the

OWNERS' annual property tax savings for the last 24 months, as determined by the CITY, based upon the County Tax Assessor's valuation of the PROPERTY using the process set forth in Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

e. OWNERS shall, within thirty (30) days after written notice from the CITY, furnish the CITY with any information the CITY shall require to enable the CITY to determine (i) the PROPERTY'S present state; (ii) the PROPERTY'S continued eligibility as a qualified historic property; and (iii) whether the OWNERS are in compliance with this Agreement.

_____ **OWNER'S INITIALS**

3. Inspections. The OWNERS agree to permit periodic examinations/inspections of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

_____ **OWNER'S INITIALS**

4. Term of Agreement. This Agreement shall be effective and shall commence on January 1st of the year following the successful recordation of this document by the County Recorder's Office and shall remain in effect for a period of ten (10) years thereafter.

5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve a written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. The CITY may issue a notice of nonrenewal if the CITY determines improvements, maintenance, rehabilitation, renovation, and/or restoration of the PROPERTY is required for the PROPERTY'S continued eligibility as a qualified historic property. Upon receipt by the OWNERS of a notice of nonrenewal from the

CITY, the OWNERS may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS: (a) have breached any of the conditions or covenants of this Agreement; (b) have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property as defined in California Government Code section 50280.1; or (c) if the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in Paragraph 2 of this Agreement.

OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay those cancellation fees set forth in California Government Code sections 50280 et seq., described herein. Upon cancellation, OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions pursuant to this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.

OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of

assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Enforcement of Agreement. As an alternative to cancellation of the Agreement for breach of any condition as provided in Paragraph 8, the CITY may, in its sole discretion, specifically enforce, or enjoin the breach of the terms of this Agreement. In the event of a default, under the provisions of this Agreement by the OWNERS, the City shall give written notice to OWNERS by registered or certified mail. If such violation is not corrected to the reasonable satisfaction of CITY within thirty (30) calendars days after the date of notice of violation, or within such reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) calendar days and thereafter diligently pursued to completion), the CITY may, without further notice, declare OWNERS to be in breach under the terms of this Agreement, and may bring any action necessary to specifically enforce the obligations of the OWNERS growing out of the terms of this Agreement or apply for such other relief as may be appropriate under local, state, or federal law.

13. Indemnification. OWNERS shall indemnify, defend (with counsel reasonably acceptable to CITY) and hold harmless the City of Escondido, and all of its boards, commissions, departments, agencies, agents, officers, and employees from and against any and all actions, causes of actions, liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses (collectively the "Claims") incurred in connection with or arising in whole or in part from this Agreement, including without limitations:

- a. any accident, injury to or death of a person, loss of or damage to property incurring in or about the PROPERTY;
- b. the use or occupancy of the PROPERTY by OWNERS, their agents or invitees;
- c. the condition of the PROPERTY;
- d. any construction or other work undertaken by OWNERS of the PROPERTY.

This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, experts and the CITY'S cost for investigating any Claims. OWNERS shall defend the CITY and all of its boards, commissions, departments, agencies, agents, officers, and employees from any and all Claims even if such Claim is groundless, fraudulent, or false. The OWNERS' obligations under this Paragraph shall survive termination of this Agreement.

_____ **OWNER'S INITIALS**

14. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.

15. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.

16. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.

17. Attorney's Fees. In the event legal proceedings are brought by any party or parties hereto, to enforce or restrain a violation of any of the covenants, reservations, or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover its reasonable attorney's fees in addition to court costs and other relief ordered by the court.

18. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.

19. Binding Effect. This Agreement shall be binding on and inure to the benefit of all parties herein, their heirs, successors-in-interest, legal representatives, assigns and all persons acquiring any part or portion of the PROPERTY, whether by operation of law or otherwise, and that any such person(s) shall have the same rights and obligations under this Agreement.

20. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

21. Sale. If the PROPERTY is sold, the OWNERS shall notify the CITY of the sale and present to the CITY a signed statement from the new owners indicating that a copy of this agreement was provided to them.

22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

23. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

24. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

25. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: Keith C. Moore. & Cecilia Moore
538 East 9th Avenue
Escondido, CA 92025

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

26. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

27. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Sam Abed, Mayor

Dated: _____

By: _____
Diane Halverson, City Clerk

OWNERS

Dated: _____

By: _____
Keith C. Moore
(This signature must be notarized.)

Dated: _____

By: _____
Cecilia Moore
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

ATTACHMENT "A"

**LEGAL
DESCRIPTION**

Real property in the City of Escondido, County of San Diego, State of California, described as follows:

LOT 12 AND THE SOUTHWESTERLY 26 FEET OF LOT 13 IN DEL DIABLO ACRES, IN THE CITY OF ESCONDIDO, COUNTY OF ESCONDIDO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF NO. 2079, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 23, 1927.

APN: 233-431-10-00

Attachment "B"

Mills Act Application List of Improvements

Property Address: 538 East 9th Avenue
Property Owners: Keith C. and Cecilia Moore

1. Repair roof and bring up to Code (planned)
2. Improve front landscaping (planned)
3. Repair hardscape in front, side and backyards (planned)
4. Repair/refinish exterior of existing chimney (planned)
5. Repair/refinish/add liner to interior of existing chimney and fireplace (planned)
6. Repair exterior tile work where needed (planned)
7. Repair where needed and paint exterior walls (planned)
8. Finish upgrading house electrical system to meet current Code (planned)
9. Finish upgrading house plumbing system to meet current Code (planned)
10. Re-glaze/re-string and repair/refinish original windows and trim (planned)
11. Restore/repair original front door (planned)
12. Remove security screening (planned)

CITY COUNCIL

For City Clerk's Use:

☐ APPROVED ☐ DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 10

Date: October 22, 2014

TO: Honorable Mayor and City Council

FROM: Barbara J. Redlitz, Director of Community Development

SUBJECT: Local Register Designation and Mills Act Contract for a Residence at 831 S. Broadway (Case HP 14-0002).

APPLICANTS: Dale & Heather Harshman

RECOMMENDATION:

1. Approve listing the structure on the City's Local Register by adopting Resolution No. 2014-140.
2. Authorize entering into a Mills Act Contract by adopting Resolution No. 2014-140.
3. Approve the CEQA Exemption.

ENVIRONMENTAL STATUS:

In compliance with CEQA Section 15331, "Historical Resource Restoration/ Rehabilitation", a Notice of Exemption was prepared on July 31, 2014.

FISCAL ANALYSIS:

Approval of the Mills Act Contract would reduce the property tax to the homeowner, and proportionately reduce the City's share of property taxes. The annual tax revenue loss to the City on this property is estimated to be less than \$300. The City has currently entered into 80 Mills Act contracts, which have cumulatively reduced the City share of property taxes by approximately \$17,300. Studies recently completed in the County show that Mills Act approved properties increase in value an average of 16%, neighboring properties within 250 feet increase in value an average of 3.7%, and properties within 500 feet increase in value an average of 1.6%.

GENERAL PLAN ANALYSIS:

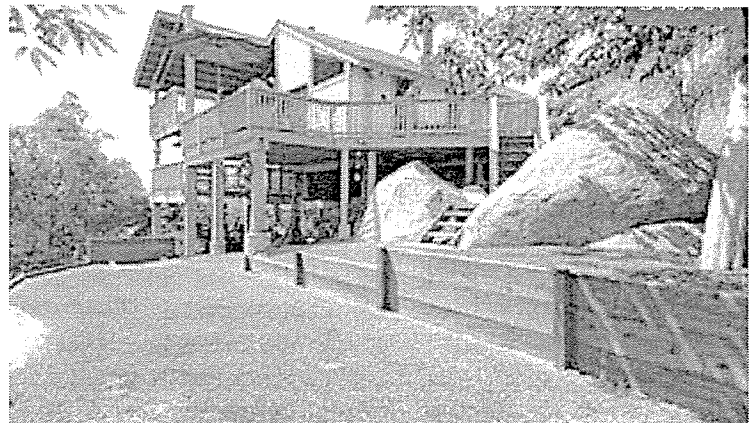
The property is located within the Urban I (U1) land use designation of the General Plan. Historic & Cultural Resources Policy VII.G encourages the preservation of buildings and areas with special and recognized historic and architectural value.

PREVIOUS ACTION:

The Historic Preservation Commission (HPC) voted unanimously to recommend approval of adding the structure to the Local Register Listing and entering into a Mills Act Contract on August 5, 2014.

BACKGROUND:

The subject property, addressed as 831 South Broadway (APN 233-382-1500), is .29 acre on the crest of the hill at the intersection of South Broadway and Khayyam Road. The property includes a 1,888 SF multi-level Mid-century Modern residence with its



vaulted ceilings, carport, pool and cantilevered decks built in 1978 among the slope's massive boulders and vegetation by award-winning architect Ralph Haver as his personal residence. Nicknamed "The Tree House," it was included in the annual Mother's Day Tour in 2011.

ANALYSIS:

Escondido Historical/Cultural Resources Survey:

The applicant has conducted the required historic research and data collection, and has provided the information on the required State Department of Parks and Recreation forms (see attached). The information provided by the applicant includes historical background and descriptive analysis of the architectural style and is adequate for the purpose of determining the appropriateness of adding the structure to the Local Register.

Local Register Listing:

Requests for listing resources on the Local Register require that both the Historic Preservation Commission and the City Council conduct a public hearing to consider the request and receive property owner consent. Historic resources are evaluated against seven criteria and must meet at least two of the seven. Staff recommends listing the property on the Local Register of Historic Places since it meets three of the seven criteria based on the following criteria found in Article 40, Sec. 33-794 of the Zoning Code:

1. Escondido historical resources that are strongly identified with a person or persons who significantly contributed to the culture, history, prehistory, or development of the City of Escondido, region, state or nation.
 - *The house is strongly identified with Ralph Haver, the award-winning Pasadena architect who contributed significantly to the 1950-1980 history of architecture in the Southwest.*
2. Escondido building or buildings that embody distinguishing characteristics of an architectural type, specimen, or are representative of a recognized architect's work and are not substantially altered.
 - *The house and associated structures embody distinguishing characteristics of the Mid-century architectural type and its original design by Ralph Haver is substantially unaltered.*
6. Escondido historical resources that are an important key focal point in the visual quality or character of a neighborhood, street, area or district.
 - *The structure sits at the crest of a prominent hill, having a commanding view of Escondido and is surrounded by other historic Local Register properties.*

Mills Act Contract:

The Mills Act is a provision in state law that enables owners of designated historic properties to voluntarily enter into a preservation contract with the City and receive a reduction in their property taxes. The contract runs for ten years and it is automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the owner make a commitment to maintain the property and complete other improvements (see Attachment 'B' of the contract). As indicated, significant improvements at this property by the new owners are already underway. Under the terms of the Mills Act, owners can list appropriate improvement projects they have already completed, are doing currently and can also include additional projects in the future with prior HPC or Planning Division approval. All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review.

CONCLUSION:

By designating the structure on the Local Register, the Council will be furthering the preservation of historic resources associated with the history of Escondido. By approving the Mills Act Contract, the City would be incurring a relatively small loss per year of property tax revenue. This will provide the property owner a tax savings that will be earmarked for preserving the property.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Barbara J. Redlitz". The signature is fluid and cursive, with a large loop at the end.

Barbara J. Redlitz
Director of Community Development

A handwritten signature in black ink, appearing to read "Paul K. Bingham". The signature is cursive and includes a stylized flourish at the end.

Paul K. Bingham
Assistant Planner II



CITY OF ESCONDIDO
PLANNING DIVISION
201 NORTH BROADWAY
ESCONDIDO, CA 92025-2798
(760) 839-4671

Notice of Exemption

To: San Diego County Recorder's Office
Attn: Vanessa Esquivel
P.O. Box 121750
San Diego, CA 92112-1750

From: City of Escondido
201 North Broadway
Escondido, CA 92025

Project Title/Case No.: HP-14-0002

Project Locations - specific: At the south side of the intersection of South Broadway and Khayyam Road, addressed as 831 South Broadway (APN: 233-382-1500).

Project Location - City: Escondido, **Project Location - County:** San Diego

Description of Project:

To approve listing the subject property on the City of Escondido's Local Register of Historic Places and approve a Mills Act Contract to assist the owners with future preservation in the R-1-6 (Single-Family Residential, 6,000 SF minimum lot size) zone, located in the U1 (Urban I) land use designation of the General Plan.

Name of Public Agency Approving Project: City of Escondido

Name(s) of Person or Agency Carrying Out Project:

Names: Dale & Heather Harshman
Address: 831 South Broadway, Escondido, CA 92025

Telephone: (858) 254-8647

☒ Private entity ☐ School district ☐ Local public agency ☐ State agency ☐ Other special district

Exempt Status:

Categorical Exemption: Section 15331, Class 31. "Historic Resource Restoration/Rehabilitation"

Reasons why project is exempt:

1. The project is within the R-1-6 zone, UI General Plan land use designation and no variances are required.
2. The project will be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties with guidelines for preserving, rehabilitating, restoring and reconstructing historic buildings.
3. The project will not be limited by the factors in section 15300.2 and will not adversely change the significance of a historical resource.

Lead Agency Contact Person: Paul K. Bingham

Area Code/Telephone/Extension (760) 839-4306

Signature: _____

Paul K. Bingham

Assistant Planner

7/31/14

Date

☒ Signed by Lead Agency

Date received for filing at OPR:

☐ Signed by Applicant

HISTORIC PRESERVATION COMMISSION

Agenda Item No.: G.1
Date: August 5, 2014

TO: Historic Preservation Commission

FROM: Paul Bingham, Assistant Planner II

REQUESTS: Residence addressed as 831 South Broadway (case number HP14-0002)

1. Local Register listing request,
2. Mills Act contract request and
3. Consideration of the proposed CEQA exemption

RECOMMENDATION: Forward recommendations of approval to the City Council

BACKGROUND:

City of Escondido Historical/Cultural Resources Survey

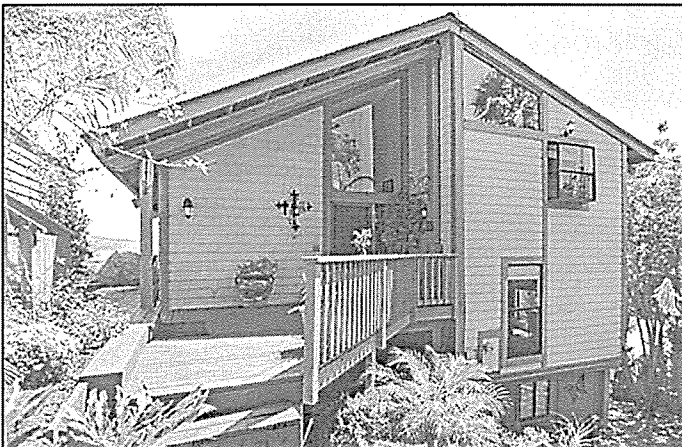
A City of Escondido Historical/Cultural Resources Survey was completed in 1990 (Agis, May 1990). Close to 1,000 resources were inventoried in the survey for their significance. The Survey of 1990 was conducted in compliance with procedures established by the U.S. Department of the Interior, National Park Service and the State Office of Historic Preservation. A Historical/Cultural Resources Survey is a collection of information that identifies documents and describes the historical resources in the community. The survey also associates the resources with historical events and/or people. Among other preservation programs, the survey serves as the basis for historic preservation plans. The survey also fulfills a higher level of historic nomination requirements (Local, State and National), it allows for the applicability of Historic Building Code in regard to rehabilitation/renovation of structures, and justifies local, state and federal funding assistance.

Local Register of Historic Places Listing

The Historic Preservation Ordinance No. 2000-23, Section 33-794-5 identifies a process and criteria for listing historic structures on the City's Local Register. Requests for listing on the Local Register require that both the Historic Preservation Commission and the City Council conduct a public hearing to consider the request. The historic resource is evaluated against seven criteria and must meet at least two of the seven.

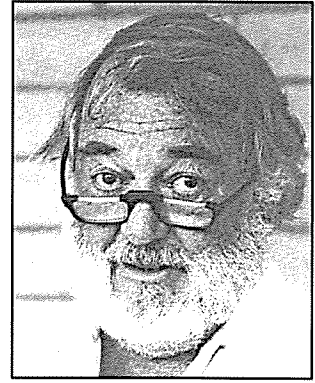
Mills Act Contract and Property Applying

The Mills Act is a state law that enables owners of designated historic properties to enter into a preservation contract with their local legislative body and receive a substantial reduction in the property taxes. One of the incentives for the preservation of historic and/or cultural resources, approved in 1989, allows property owners of designated historic resources to enter into a Mills Act contract with the City. The revised Historic Ordinance 92-409, adopted by Council on October 28, 1992, clarified that a property owner may apply for a Mills Act contract if the resource has been listed as a Local Register property. The current owner is requesting that the subject property be approved for Local Register listing.



The subject property at 831 South Broadway (APN 233-382-1500) consists of .29 acres with a Mid-Century Modern residence, carport and various decks built in 1978. The Escondido house was designed and built by award-

winning architect Ralph Haver as his personal residence. Mr. Haver is a well-known Mid-Century Modern architect originally from Pasadena, who had offices in San Diego and Phoenix. Haver spent much of his career designing residential and commercial buildings in desert communities like Borrego Springs, CA and Phoenix, Scottsdale and Tucson, Arizona. Nicknamed the "Tree House", his Escondido residence was built mostly of wood at the top of the slope, cantilevering over the property's boulder-strewn hillside to the south.



In 2011 the Haver house was included in the OEN's annual Mother's Day Tour. The existing house, carport and decks are mostly as they were when built originally. A small basement area was added by a subsequent owner, but is not readily visible from off-site. The driveway gate is also a later non-period introduction by subsequent owners.

ANALYSIS

Escondido Historical/Cultural Resources Survey

The applicant has conducted the required historic research and data collection, and has provided the information on the required format, State Department of Parks and Recreation forms (see attached). The information provided by the applicant, includes historical background and descriptive analysis of the architectural style, is adequate for the purpose of determining the appropriateness of adding the structures to the survey.

Local Register of Historic Places Listing

This request by the current owners, Dale and Heather Harshman, is to consider placing this resource on the Local Register.

While not yet 50 years old, the Haver residence meets the following three of seven criteria (*note that only two are required for Local Register listing approval*):

1. Escondido historical resources that are strongly identified with a person or persons who significantly contributed to the culture, history, prehistory, or development of the City of Escondido, region, state or nation.

The structure was designed by and built as architect Ralph Haver's personal residence. Mr. Haver was an award-winning and renowned Modernist architect responsible for the design of tens of thousands of residences and commercial structures in the Southwestern United States during the 1950's-1980's.

2. Escondido building or buildings that embody distinguishing characteristics of an architectural type, specimen, or are representative of a recognized architect's work and are not substantially altered.

The existing Mid-Century Modern style house and carport are mostly as they were originally built in 1978.

6. Escondido historical resources that are an important key focal point in the visual quality or character of a neighborhood, street, area or district.

The main residence and its outbuildings sit at the top of a hill with a commanding view of much of the Escondido valley to the south.

Mills Act Contract

The Mills Act contract is for a minimum of ten years, automatically renewed each year unless a notice of non-renewal is filed. The terms of the contract require that the property owner make a commitment to maintain the structure and surrounding property, per a maintenance schedule that has been included with this report (see attached). All improvements must be performed to the Secretary of the Interior Standards. In addition, the applicant has been informed that all exterior modifications require staff review. Staff feels that the proposed Mills Act Contract is appropriate since the property meets the established criteria for a historic resource, and adequate improvements have been listed.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Paul K. Bingham". The signature is fluid and cursive, with a long, sweeping underline.

Paul K. Bingham
Assistant Planner II



CITY OF ESCONDIDO
Planning Division
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4671

FOR INTERNAL USE ONLY

Case No.: HP14-0002

Date Received: 7/30/14

Received By: P.B.

Fees Received: 534.-

Date Approved: _____

Application: ☐ Incomplete

☐ Complete

ESCONDIDO HISTORIC DESIGNATION APPLICATION

(Check one) ☐ Historic Landmark ☒ Local Register

Applicant: Dale and Heather Harshman

Address: 831 S. Broadway St.

City/State/Zip: Escondido, CA 92025

Phone No.: (H) 858-254-8644 (W) 858-774-7351

Present Property Owner: Same

Address: _____

City/State/Zip: _____

Phone No.: (H) _____ (W) _____

Address of Site/Structure: Same

Assessor Parcel No.: 733-382-1570

Present Land Use: residence

General Plan Designation: _____

Tier/Neighborhood: Old Escondido

Common Name/

Historic Name: residence

Architural Style: _____

Zoning: _____

Related Case File: _____

Put answers to questions 1-3 on the reverse side of this form.

1. Please describe historical aspects of the site or structure as well as any other significant factors which may determine this as an Historic Resource (i.e., special aesthetics; cultural, architectural, or engineering factors; and any dates, events, or persons associated with the site or structure).
2. Has the site or structure been altered in any way from its original design? Explain.
3. Are there any known threats to the site or structure? (i.e., private development, zoning, vandalism, public works, structural damage, etc.)

SUBMITTAL REQUIREMENTS:

- ☒ Complete legal description of property See Grant Deeds attached as Exhibit F
- ☒ List of past and present occupants/owners See Grant Deeds attached as Exhibit F
- ☒ 1 copy of site plan See Exhibit C
- ☒ Photos of exterior of structure/site See Exhibit B
- ☒ Evidence that the property owner has consented to designating the Historic/Cultural Resource as an Historic Landmark/Local Register Property
- ☒ Chain of Title See California Title Company policy and Grant Deeds attached as Exhibit F
- ☒ State of California Department of Parks and Recreation forms 523a & b (attached)

Applicant Signature

(Date)

Property Owner Signature

(Date)

PART I

Satisfaction of Escondido Zoning Code Section 33-794(d):

A structural resource proposed for the *local register* shall be evaluated against criteria number one (1) through seven (7) and must meet at least two (2) of the criteria.

1. **Satisfaction of 33-794(d)(1):** Escondido historical resources that are strongly identified with a person or persons who significantly contributed to the culture, history, prehistory, or development of the City of Escondido, region, state or nation.

Ralph Haver was a famous Southwestern architect who designed and was the original owner of our 1978 home, which he nicknamed the Tree House. He was born in Pasadena, California in 1915. He received a degree in architecture from the University of California, Pasadena in 1941. After he served in WWII, he then moved to Phoenix where he practiced architecture from 1945 until the mid-1980s. He retired in Escondido in the late 70's and died in 1987.

Mr. Haver is considered one of the fathers of the "Mid-Century Modern" architectural style. He was responsible for so much of the design of postwar Phoenix that his firm was considered to be among one of the largest producing firms of the time. His Phoenix building designs were valued at more than \$500 million by the mid-1970s.

He received multiple awards and citations for his work, and achieved "cult status" in the Phoenix area for his many works. His homes are much sought after by home buyers and investors. The city of Scottsdale designated a neighborhood he designed as its first historic neighborhood.

This is a brief summary of *some of his works*, which are further elaborated on in the Chronology of work included in Exhibit D:

- Escondido custom homes in the late 1970s,
- More than a dozen tract home developments with an inventory of roughly 20,000 tract homes built within a five-year span across Arizona, New Mexico and Colorado,
- Dozens of custom homes in the Valley of the Sun,
- Over 250 individual churches, schools, factories, commercial buildings, apartments, townhomes, and civic buildings were cited in the firm's portfolio by 1967.

The following documents attached in Exhibit E expand on his background, accomplishments, and notoriety:

- Article, *Ralph Haver: Everyman's Modernist*,
- List of awards and citations,

- Ralph Haver obituary,
- Article, *Homes Were Turning Point for Scottsdale*
- Article, *Council designates two neighborhoods historic*
- Article, *A Phoenix man scored when he bought Ralph Haver's home for a song.*

Ms. Alison King, an Associate Professor of Design at The Art Institute of Phoenix and founder of the Modern Phoenix website, is available to answer questions about Mr. Haver's background, accomplishments, architectural style, notoriety, etc. She can be reached at alison@modernphoenix.net, (602) 363-6158.

Other articles of interest:

- *Ralph Haver*, <http://www.historicphoenix.com/architecture/ralph-haver/>
- *Homes in Ralph Haver Neighborhoods*, <http://dwellarizona.com/mid-century-modern/ralph-haver-neighborhoods>
- *Midcentury modern finds a place in the valley*, http://www.eastvalleytribune.com/get_out/at_home/article_105545ea-e829-57df-9d8d-b211e4eb7b37.html
- *Anyone Who Had a Heart Would Connect a Country Music Singer, a Jazz Standard and Burt Bacharach Together With One Smooth Line*, <http://distinctivephoenix.com/76/anyone-who-had-a-heart-could-tie-a-country-music-singer-a-jazz-standard-and-burt-bacharach-together-with-one-smooth-line/>
- *High schools facing costly repairs*, http://www.eastvalleytribune.com/news/article_543cb1d0-3993-558c-9ea8-a89f7d51cc9c.html
- Please also view the video at the following link. It is from a Phoenix-area television program and comments on Haver's accomplishments in both residential and commercial architecture: *The Legacy of Ralph Haver and The Vig Uptown*, <http://www.youtube.com/watch?v=0hs6Xqb0BsQ>
- The following video is about a couple on the show HGTV show "House Hunters" who select a Ralph Haver home partly because he's a famed architect, http://www.youtube.com/watch?v=-hhD5DaZy_g

2. **Satisfaction of 33-794(d)(2): Escondido building or buildings that embody distinguishing characteristics of an architectural type, specimen, or are representative of a recognized architect's work and are not substantially altered.**

Characteristics that were typical of Ralph Haver homes are listed on the Do I have a Haver Home? and Characteristics documents included in Exhibit A. Our home has the following characteristics that are representative of Ralph Haver homes:

- a. Main gable beam juts out beyond eave, angled somewhat Polynesian style: See photos #9, 10 on Exhibit B,
- b. Floor-to-ceiling windows: See photos #3 and 17 on Exhibit B,
- c. Clerestory windows of trapezoidal shape: See photos #2, 3, 7, 16, 17 on Exhibit B,
- d. Interior exposed beams (per input from Alison King): See photo #16 on Exhibit B,
- e. Patio shade structure that is a natural extension of the roofline creating an outdoor room: See photos #6, 7, 8, 14, 17 on Exhibit B,
- f. Carport rather than a garage: See photo #18 on Exhibit B.

The only exterior modification we're aware of is the construction of a slab on grade basement structure that was added under a portion of the house. It holds the water heater and storage. It is on the side of the house least visible from Khayyam Road and 9th Avenues. See photo #5.

3. **Satisfaction of 33-794(d)(6): Escondido historical resources that are an important key focal point in the visual quality or character of a neighborhood, street, area or district.**

Our home, nicknamed the Tree House by Mr. Haver, has many distinguishable features that make it a key focal point in the visual quality and character of Old Escondido. They include the following:

- a. Our home was included on the 2011 Escondido Mother's Day Home Tour. Though the home is much younger than others featured on the Tour, the home was selected due to its unique character and architecture as well as the fame of the architect/builder.

Please see the letter from Carol Rea attached as Exhibit C which expands on why the home was chosen for the tour, should be afforded attention by the Local Register, and is an architecturally significant home in Old Escondido. Ms. Rea is the recipient of the City of Escondido's 2012 Historic Preservation Award and the 2012 Save our Heritage Organization's Outstanding Preservation Citizen Award. She is also the President of the Old Escondido Historic District and the Vice Chairman of the Escondido Preservation Committee.

Photos of the home from the Tour can be found at this link:

http://oldescondido.org/Old_Escondido_Historic_District/Photo_Albums/Pages/OE_HT_11_Houses.html#143 (scroll through photos to see the unique architectural elements of the home)

- b. Mr. Haver designed the home so that it was built over and around massive boulders on the property. The boulders are at the Broadway entrance to the property, under the house, along the east side of the house, and scattered throughout the yard. See photos #1, 4, 6, 7, 9, 10, 12, 19 in Exhibit B.
 - i. Per Mr. Haver's son, Harrison, he enjoyed the challenge of building on the steeply sloped property because many believed it to be unbuildable.
 - ii. Many Escondidians know our home as the one at the top of Broadway set behind the massive boulder at the bend in the road. See photos #1, 19 in Exhibit B.
 - iii. The challenging design of the home is part of what impressed the Home Inspection Committee when selecting it for the Mother's Day Home Tour. See the letter from Carol Rea attached as Exhibit C
- c. The home is constructed on stilts due to the boulders and slope of the property. We believe it is the only home of its unique architectural design in Old Escondido. See photos #6, 7, 12 in Exhibit B. See also Exhibit C, the letter from Carol Rea.
- d. The exposed beams and vaulted ceilings create a unique roof line that is visually pleasing. See photos #2, 3, 7, 9, 10, 17 in Exhibit B.
- e. The landscaping is terraced due to the slope of the property. This creates a unique and attractive environment. See photos #4, 6, 7 in Exhibit B.

PART II

Potential Structure/Property Improvement Timeline:

Please note the home has wooden siding, wooden decks, and a wooden carport. The wood will be the primary item to be maintained in the next ten years.

1. Termite maintenance
2. Painting decks, wooden siding, and carport as needed
3. Replacing compromised wood in decks, siding, and carport
4. Replacing rotted planter boards in terraced landscaping areas
5. Adding and maintaining plants and trees



CITY OF ESCONDIDO
Planning Division
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4671
Fax: (760) 839-4313

FOR INTERNAL USE ONLY	
Case No.	<u>1814-0002</u>
Date Submitted:	<u>7/30/14</u>
Project Planner:	<u>D. B.</u>
Fees:	<u>312.-</u>
Receipt No.:	_____
☐ Incomplete	_____ Date of Notice
☐ Complete	_____ Date

**HISTORIC PROPERTY PRESERVATION
(MILLS ACT) APPLICATION AND AGREEMENT**

APPLICANT/CONTACT PERSON

Name (Print): Dale and Heather Harshman
Address: 831 S. Broadway St
City, State, Zip: Escondido, CA 92025
Phone: (760) 858-254-8147; (760) 858-774-
Fax: 7351
E-mail: daharshman@hotmail.com
Signature: [Signature]
h-harshman@yahoo.com

SITE INFORMATION

Property Address: Same
Assessor's Parcel Number: 233-382-15-00
Historic Name: _____

OWNER (If multiple owners/addresses, attach additional sheets as necessary.)

Name (Print): Same
Address: _____
City, State, Zip: _____
Phone: _____
Fax: _____
E-mail: _____
Signature: _____
(authorizing applicant to submit application)

LANDMARK/LOCAL REGISTER INFORMATION

Historic Designation:
☒ Local ☐ State ☐ National
Date of Designation: _____
Local Register Listing: ☐ Yes ☐ No
Date of Listing: _____

POTENTIAL STRUCTURE/PROPERTY IMPROVEMENT TIMELINE:

Please list the improvements which are intended to take place over the next 10 years. List them in order of owner's priority. The improvements listed may be as specific or as general as the applicant prefers; however, physical alterations shall comply with the Secretary of Interior standards. Emergency maintenance not identified in this Agreement may be substituted for listed improvements. The listed improvements may be performed out of order, depending on the property owner's financial situation. Visits to the property by City representatives to monitor the progress will be performed every two to three years.

PROPOSED IMPROVEMENTS

see attachment

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary # _____
HRI # _____
Trinomial _____
NRHP Status Code _____

Other Listings _____
Review Code _____ Reviewer _____ Date _____

Page 1 of 3 *Resource Name or #: (Assigned by recorder) parcel # 233-382-15-00

P1. Other Identifier: _____

*P2. Location: ☐ Not for Publication ☐ Unrestricted

*a. County San Diego and (P2c, P2e, and P2b or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad _____ Date _____ T _____; R _____; _____ ¼ of _____ ¼ of Sec _____; _____ B.M.

c. Address 831 S. Broadway St. City Escondido Zip 92025

d. UTM: (Give more than one for large and/or linear resources) Zone _____ mE/ _____ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate) parcel # 233-382-15-00

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

Residence borders Broadway St., Khayyam Rd., and
W. 9th Ave.

*P3b. Resource Attributes: (List attributes and codes) _____

*P4. Resources Present: ☒ Building ☐ Structure ☐ Object ☐ Site ☐ District ☐ Element of District ☐ Other (Isolates, etc.)



P5b. Description of Photo:
(view, date, accession #) front of
residence, 2013

*P6. Date Constructed/Age and Source:

☐ Historic ☐ Prehistoric ☐ Both

1978

*P7. Owner and Address: Date and

Heather Harshman 831 S.
Broadway St., Escondido
92025

*P8. Recorded by:
(Name, affiliation, and address)

*P9. Date Recorded: _____

*P10. Survey Type: (Describe) _____

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") _____

*Attachments: ☐ NONE ☐ Location Map ☐ Continuation Sheet ☐ Building, Structure, and Object Record

☐ Archaeological Record ☐ District Record ☐ Linear Feature Record ☐ Milling Station Record ☐ Rock Art Record

☐ Artifact Record ☐ Photograph Record ☐ Other (List): _____

State of California – The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
BUILDING, STRUCTURE, AND OBJECT RECORD

Primary # _____

HRI # _____

*NRHP Status Code _____

Page 2 of 3 *Resource Name or #: (Assigned by recorder) _____

B1. Historic Name: _____

B2. Common Name: Residence

B3. Original Use: Residence

B4. Present Use: Residence

*B5. Architectural Style: _____

*B6. Construction History: (Construction date, alterations, and date of alterations)

Completed 1978

*B7. Moved? ☒ No ☐ Yes ☐ Unknown Date: _____ Original Location: _____

*B8. Related Features: _____

B9a. Architect: Ralph Haver b. Builder: _____

*B10. Significance: Theme _____ Area: _____

Period of Significance: _____ Property Type: _____ Applicable Criteria: _____

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

B11. Additional Resource Attributes: (List attributes and codes) _____

*B12. References:

www.modernphoenix.com

B13. Remarks:

*B14. Evaluator:

*Date of Evaluation: _____

(This space reserved for official comments)

Sketch Map with north arrow required.

↑ N

Brandyway and Khayyam

Carport

House

Decks

Pool

9th Ave

State of California – The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
CONTINUATION SHEET

Primary # _____
HRI # _____
Trinomial _____

Page 3 of 3 *Resource Name or #: (Assigned by recorder) _____

Recorded by: _____ Date: _____

☐ Continuation ☐ Update

Answers to Questions 1 – 3:1. *Historical or significant factors:*

- a. Special Aesthetics: Our home, nicknamed the Tree House by the famous architect and original owner, Ralph Haver, is constructed on a site many had believed to be unbuildable: the severely sloped lot where Broadway ends at Khayyam Rd. between W. 8th and 9th Avenues. The home has a special design due to the lot's unique, challenging terrain, including massive boulders throughout. It is built on stilts above boulders, and is immediately adjacent to other very large boulders. It is set below the Khayyam Road level, and has terraced landscaping in the front which provides a special perspective when approached from that direction.

The home also boasts clerestory windows of trapezoidal shape at the roofline of the cathedral ceiling rooms. This creates a special aesthetic from both the interior and exterior in the front and back.

- b. Cultural, architectural, or engineering factors:

See 1a above.

Characteristics that were typical of Ralph Haver homes are listed on the Do I have a Haver Home? and Characteristics documents included in Exhibit A. Our home has the following characteristics that are representative of Ralph Haver homes:

- i. Main gable beam juts out beyond eave, angled somewhat Polynesian style: See photos #9, 10 on Exhibit B,
 - ii. Floor-to-ceiling windows: See photos #3 and 17 on Exhibit B,
 - iii. Clerestory windows of trapezoidal shape: See photos #2, 3, 7, 16, 17 on Exhibit B,
 - iv. Interior exposed beams (per input from Alison King): See photo #16 on Exhibit B,
 - v. Patio shade structure that is a natural extension of the roofline creating an outdoor room: See photos #6, 7, 8, 14, 17 on Exhibit B,
 - vi. Carport rather than a garage: See photo #18 on Exhibit B.
- c. Any dates, events, or persons associated with the site or structure:

Events:

Our home was included on the 2011 Escondido Mother's Day Home Tour. Though the home is much younger than others featured on the Tour, the home was selected due to its unique character and architecture as well as the fame of the architect/builder.

Please see the letter from Carol Rea attached as Exhibit C which expands on why the home was chosen for the tour, why it should be afforded attention by the Local Register, and why it is an architecturally significant home in Old Escondido. Ms. Rea is the recipient of the City of Escondido's 2012 Historic Preservation Award and the 2012 Save our Heritage Organization's Outstanding Preservation Citizen Award. She is also the

President of the Old Escondido Historic District and the Vice Chairman of the Escondido Preservation Committee.

Photos of the home from the Tour can be found at this link:

http://oldescondido.org/Old_Escondido_Historic_District/Photo_Albums/Pages/OE_HT_11_Houses.html#143 (scroll through photos to see the unique architectural elements of the home)

Persons:

Ralph Haver was a famous Southwestern architect who designed and was the original owner of our 1978 home, which he nicknamed the Tree House. He was born in Pasadena, California in 1915. He received a degree in architecture from the University of California, Pasadena in 1941. After he served in WWII, he then moved to Phoenix where he practiced architecture from 1945 until the mid-1980s. He retired in Escondido in the late 70's and died in 1987.

Mr. Haver is considered one of the fathers of the "Mid-Century Modern" architectural style. He was responsible for so much of the design of postwar Phoenix that his firm was considered to be among one of the largest producing firms of the time. His Phoenix building designs were valued at more than \$500 million by the mid-1970s.

He received multiple awards and citations for his work, and achieved "cult status" in the Phoenix area for his many works. His homes are much sought after by home buyers and investors. The city of Scottsdale designated a neighborhood he designed as its first historic neighborhood.

This is a brief summary of *some of his works*, which are further elaborated on in the Chronology of work included in Exhibit D:

- Escondido custom homes in the late 1970s,
- More than a dozen tract home developments with an inventory of roughly 20,000 tract homes built within a five-year span across Arizona, New Mexico and Colorado,
- Dozens of custom homes in the Valley of the Sun,
- Over 250 individual churches, schools, factories, commercial buildings, apartments, townhomes, and civic buildings were cited in the firm's portfolio by 1967.

The following documents attached in Exhibit E expand on his background, accomplishments, and notoriety:

- Article, *Ralph Haver: Everyman's Modernist*,
- List of awards and citations,
- Ralph Haver obituary,
- Article, *Homes Were Turning Point for Scottsdale*

- Article, *Council designates two neighborhoods historic*
- Article, *A Phoenix man scored when he bought Ralph Haver's home for a song.*

Ms. Alison King, an Associate Professor of Design at The Art Institute of Phoenix and founder of the Modern Phoenix website, is available to answer questions about Mr. Haver's background, accomplishments, architectural style, notoriety, etc. She can be reached at alison@modernphoenix.net, (602) 363-6158.

Other articles of interest:

- *Ralph Haver*, <http://www.historicphoenix.com/architecture/ralph-haver/>
- *Homes in Ralph Haver Neighborhoods*, <http://dwellarizona.com/mid-century-modern/ralph-haver-neighborhoods>
- *Midcentury modern finds a place in the valley*, http://www.eastvalleytribune.com/get_out/at_home/article_105545ea-e829-57df-9d8d-b211e4eb7b37.html
- *Anyone Who Had a Heart Would Connect a Country Music Singer, a Jazz Standard and Burt Bacharach Together With One Smooth Line*, <http://distinctivephoenix.com/76/anyone-who-had-a-heart-could-tie-a-country-music-singer-a-jazz-standard-and-burt-bacharach-together-with-one-smooth-line/>
- *High schools facing costly repairs*, http://www.eastvalleytribune.com/news/article_543cb1d0-3993-558c-9ea8-a89f7d51cc9c.html
- Please also view the video at the following link. It is from a Phoenix-area television program and comments on Haver's accomplishments in both residential and commercial architecture: *The Legacy of Ralph Haver and The Vig Uptown*, <http://www.youtube.com/watch?v=0hs6Xqb0BsQ>
- The following video is about a couple on the show HGTV show "House Hunters" who select a Ralph Haver home partly because he's a famed architect, http://www.youtube.com/watch?v=-hhD5DaZy_g

2. *Has the site or structure been altered in any way from its original design? Explain.*

A slab on grade basement structure was added under the house. It stores the water heater and storage. It is on the side of the house least visible from Khayyam Road and 9th Avenues.

3. *Are there any known threats to the site or structure? (i.e., private development, zoning, vandalism, public works, structural damage, etc.)* No

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and [Insert Owners' Names] (hereinafter referred to as "the OWNERS").

Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and
2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and
3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and
4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY to retain its characteristics as a property of historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation of Property. The OWNERS agree to the preserve the PROPERTY and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code. In particular, the OWNERS agree to make all of the improvements identified in Attachment "B" during the initial term of this Agreement.

 OWNER'S INITIALS

3. Inspections. The OWNERS agree to permit the periodic examination of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

 OWNER'S INITIALS

4. Term of Agreement. This Agreement shall be effective and shall commence on the date this Agreement is approved by a resolution of the City Council and shall remain in effect for a period of ten (10) years thereafter.

5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Upon receipt by the OWNERS of a notice of nonrenewal from the CITY, the OWNERS

may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

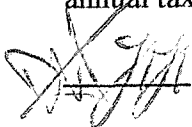
8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS have breached any of the conditions or covenants of this Agreement or have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property. The CITY may also cancel this Agreement if it determines that the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in this Agreement.



OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285. Notice of the hearing shall be mailed to the last known address of each owner of property within the same historic zone as the PROPERTY and shall be published in accordance with California Government Code section 6061.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the then current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions contained in this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.



OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of the effect this Agreement will have on the assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.

13. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.

14. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.

15. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.

16. Binding Effect. This Agreement shall be binding on and inure to the benefit of all successors-in-interest of the OWNERS. A successor-in-interest shall have the same rights and obligations under this Agreement as the OWNERS.

17. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

18. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

19. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

20. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

21. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: [Insert Names and Mailing Address]

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

22. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

23. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Lori Holt Pfeiler, Mayor

Dated: _____

By: _____
Marsha Whalen, City Clerk

OWNERS

Dated: _____

By: _____
[Insert Name]
(This signature must be notarized.)

Dated: _____

By: _____
[Insert Name]
(This signature must be notarized.)

Dated: _____

By: _____
[Insert Name]
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

1

Front entrance of home at Broadway and Khayyam

Note: The massive boulders at the entrance of the property make it a unique, well-known focal point in Escondido.

Satisfaction of 33-794(d)(6)



2

Front of house

The vaulted ceilings create a unique roof line that is visually pleasing.

Satisfaction of 33-794(d)(6)



Front of house

Note: Floor-to-ceiling windows (at front door) and clerestory windows of trapezoidal shape were typical of Ralph Haver homes (2 seen here).

Satisfaction of 33-794(d)(2)

The vaulted ceilings create a unique roof line that is visually pleasing.

Satisfaction of 33-794(d)(6)



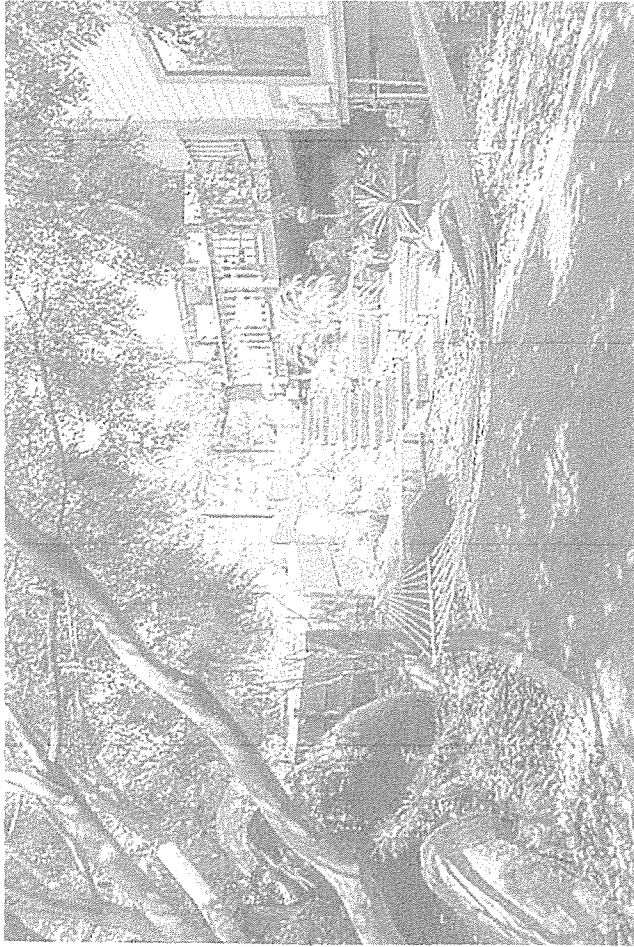
Front of house

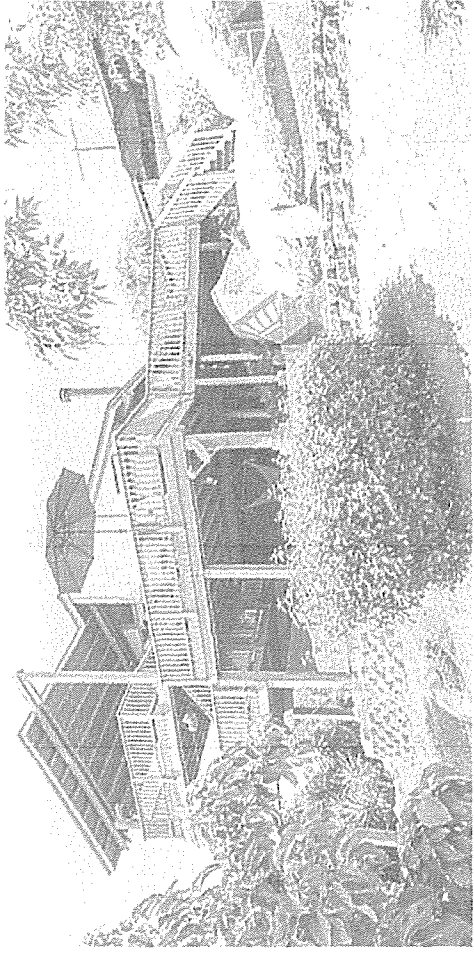
Note: The landscaping is terraced due to the slope of the property. This creates a unique and attractive environment.

Satisfaction of 33-794(d)(6)

Note: The massive boulders in the yard make it a unique, well-known focal point in Escondido.

Satisfaction of 33-794(d)(6)



5	Front of house	
6	Back of house Note: The patio shade structure that is a natural extension of the roofline creating an outdoor room was typical of Ralph Haver homes. <u>Satisfaction of 33-794(d)(2)</u> Note: The massive boulders in the yard and being built on stilts make it a unique, well-known focal point in Escondido. The landscaping is terraced due to the slope of the property. This creates a unique and attractive environment. <u>Satisfaction of 33-794(d)(6)</u>	

7

Back of house

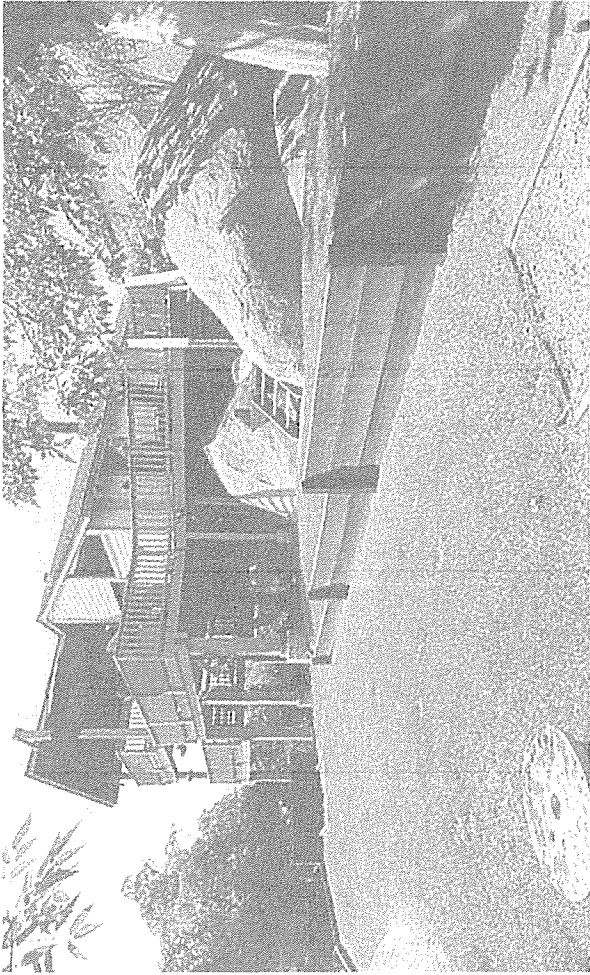
Note: The patio shade structure that is a natural extension of the roofline creating an outdoor room was typical of Ralph Haver homes.

Satisfaction of 33-794(d)(2)

Note: The massive boulders on the property, construction on stilts, and vaulted ceilings make it a unique, well-known focal point in Escondido.

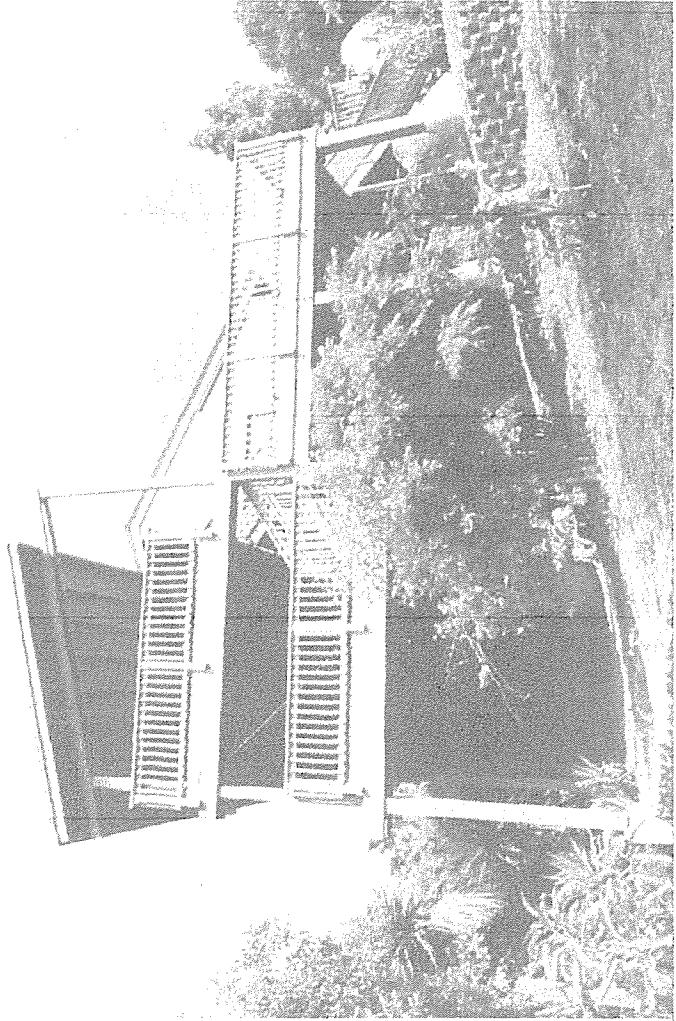
The landscaping is terraced due to the slope of the property. This creates a unique and attractive environment.

Satisfaction of 33-794(d)(6)

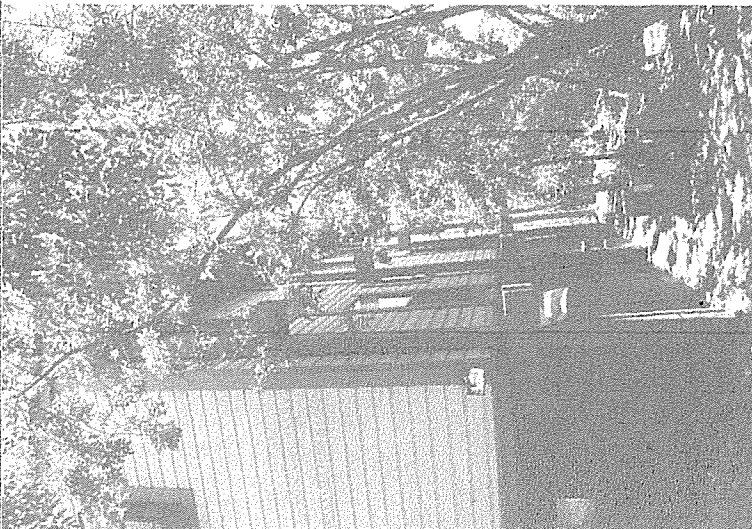


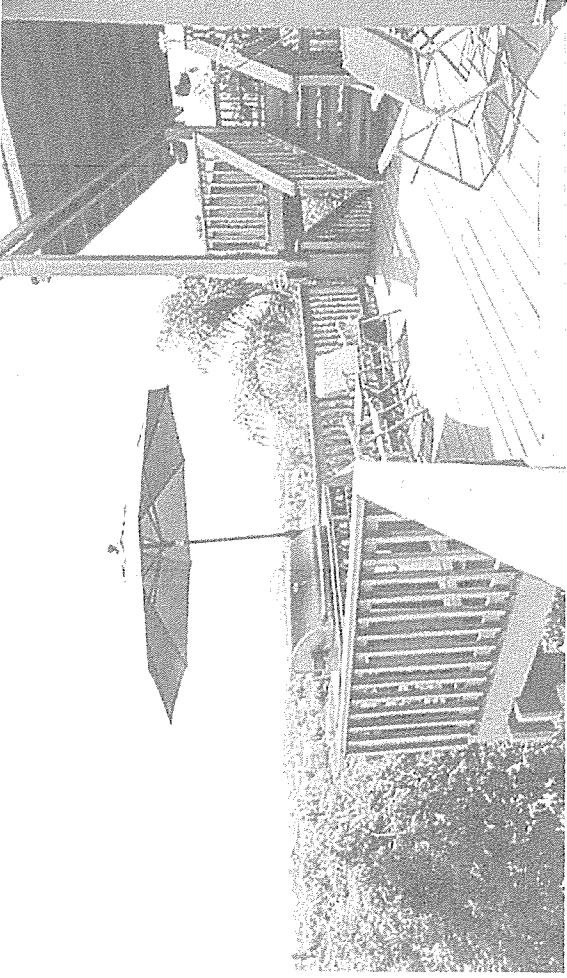
8

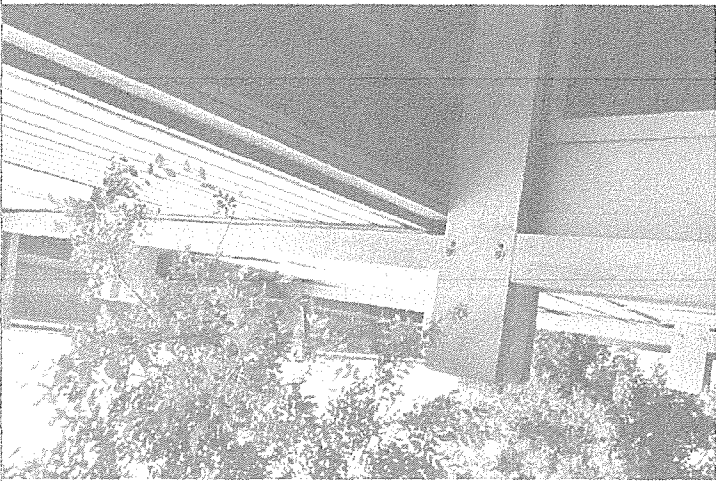
Back of house

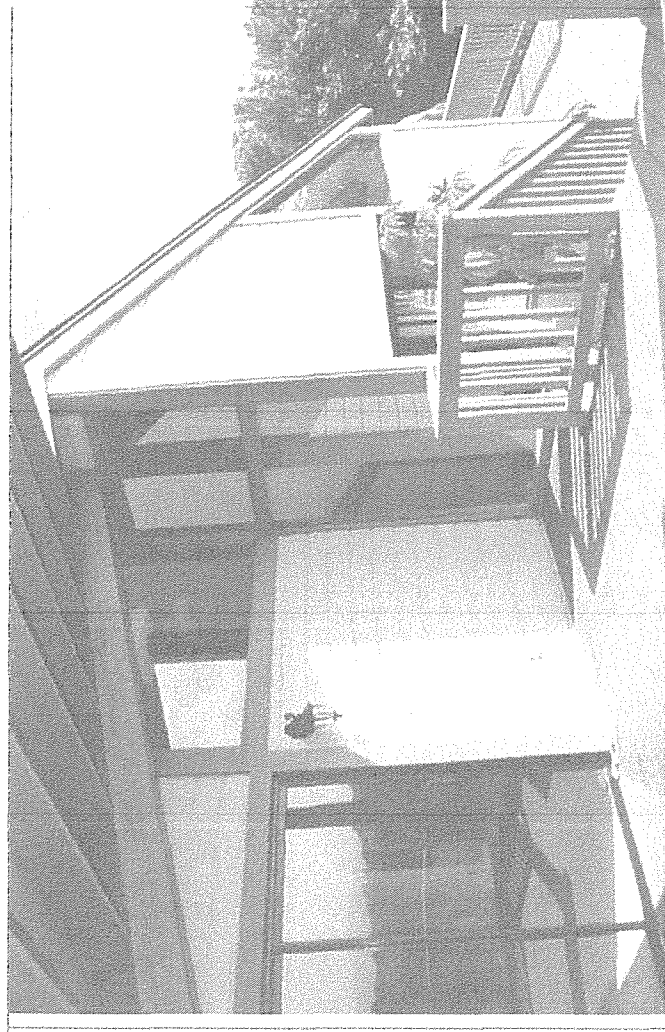


9	East side of the house Note: Main gable beams that jut out beyond eaves and are angled somewhat Polynesian style were typical of Ralph Haver homes. <u>Satisfaction of 33-794(d)(2)</u> Note: The massive boulders along the side of the house and exposed beams make it a unique, well-known focal point in Escondido. <u>Satisfaction of 33-794(d)(6)</u>	
10	East side of the house Note: Main gable beams that jut out beyond eaves and are angled somewhat Polynesian style were typical of Ralph Haver homes. <u>Satisfaction of 33-794(d)(2)</u> Note: The massive boulders along the side of the house and exposed beams make it a unique, well-known focal point in Escondido. <u>Satisfaction of 33-794(d)(6)</u>	

11	West side of the house	
12	Underneath the house Note: The massive boulders underneath the house and stilt construction make it a unique, well-known focal point in Escondido. <u>Satisfaction of 33-794(d)(6)</u>	

13	The back of the house	
14	The back of the house Note: The patio shade structure that is a natural extension of the roofline creating an outdoor room was typical of Ralph Haver homes. <u>Satisfaction of 33-794(d)(2)</u>	

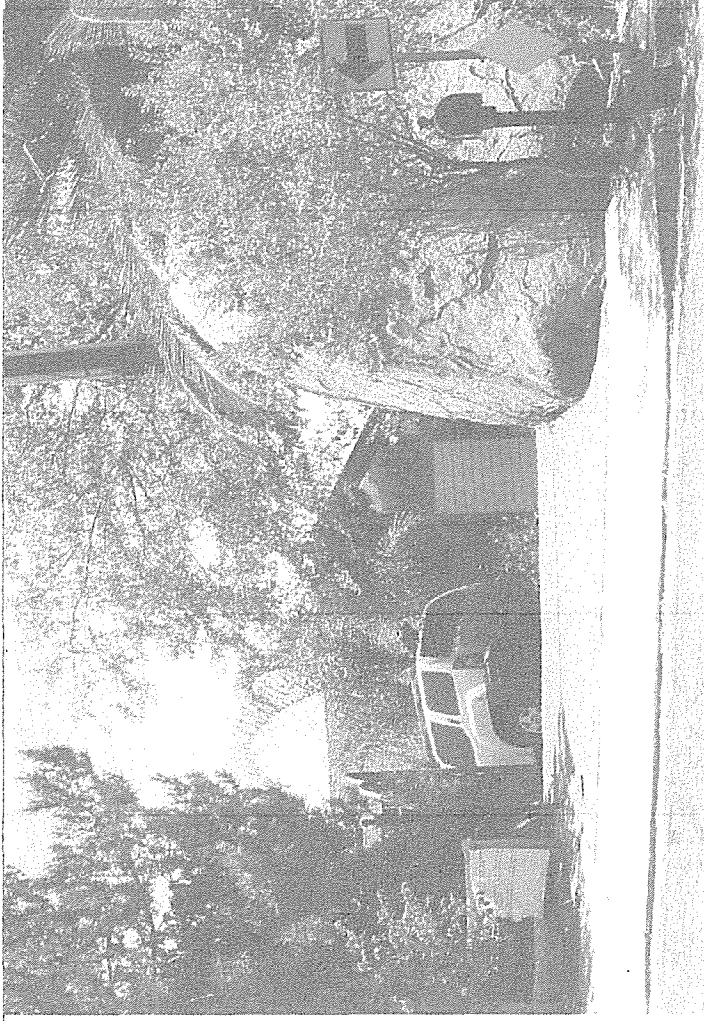
15	The east side of the house	
16	Interior main room Note: Main gable beams that jut out beyond eave, are exposed on the interior, and are angled somewhat Polynesian style were typical of Ralph Flaver homes. <u>Satisfaction of 33-794(d)(2)</u>	

17	Back of house Note: Floor-to-ceiling windows and clerestory windows of trapezoidal shape were typical of Ralph Haver homes (2 seen here). <u>Satisfaction of 33-794(d)(2)</u> The vaulted ceilings create a unique roof line that is visually pleasing. <u>Satisfaction of 33-794(d)(6)</u>	
18	Carport at front of house Note: Carports were typical of Ralph Haver homes. <u>Satisfaction of 33-794(d)(2)</u>	

Entrance at front of house on Broadway

Note: The massive boulders at the entrance of the property make it a unique, well-known focal point in Escondido.

Satisfaction of 33-794(d)(6)



day, May 15, 1983

North County Yesterday



Photo courtesy Escandido Historical Society

The Home of the Week — in 1899

The house in the foreground is today's Home of the Week (see F1) as it looked six years after it was built. The 1899 photo of Escandido was taken from South Broadway (formerly Lime

Street) between 8th Avenue (Delaware Avenue) and 9th Avenue (Kansas Avenue). The location was commonly known as "Catholic Hill," the site of St. Mary's Church. The view to the

west shows a few substantial houses, young groves, early street plantings and the mountains surrounding what is now Lake Hodges.



Haver's "Tree House" as seen from 9th Avenue and Broadway

ABOUT NEIGHBORHOODS ARTICLES ARCHITECTS MAP FORUMS TOURS LINKS FAQ ADS HOME



Index	Brief Chronology	Neighborhoods	Firm Portfolio
Ralph Haver AIA	Commercial Buildings	Custom Homes	Family History
Jimmie Nunn FAIA	Civic Buildings	Characteristics	Awards
James Salter AIA	Multifamily Housing	Do I Have a Haver?	

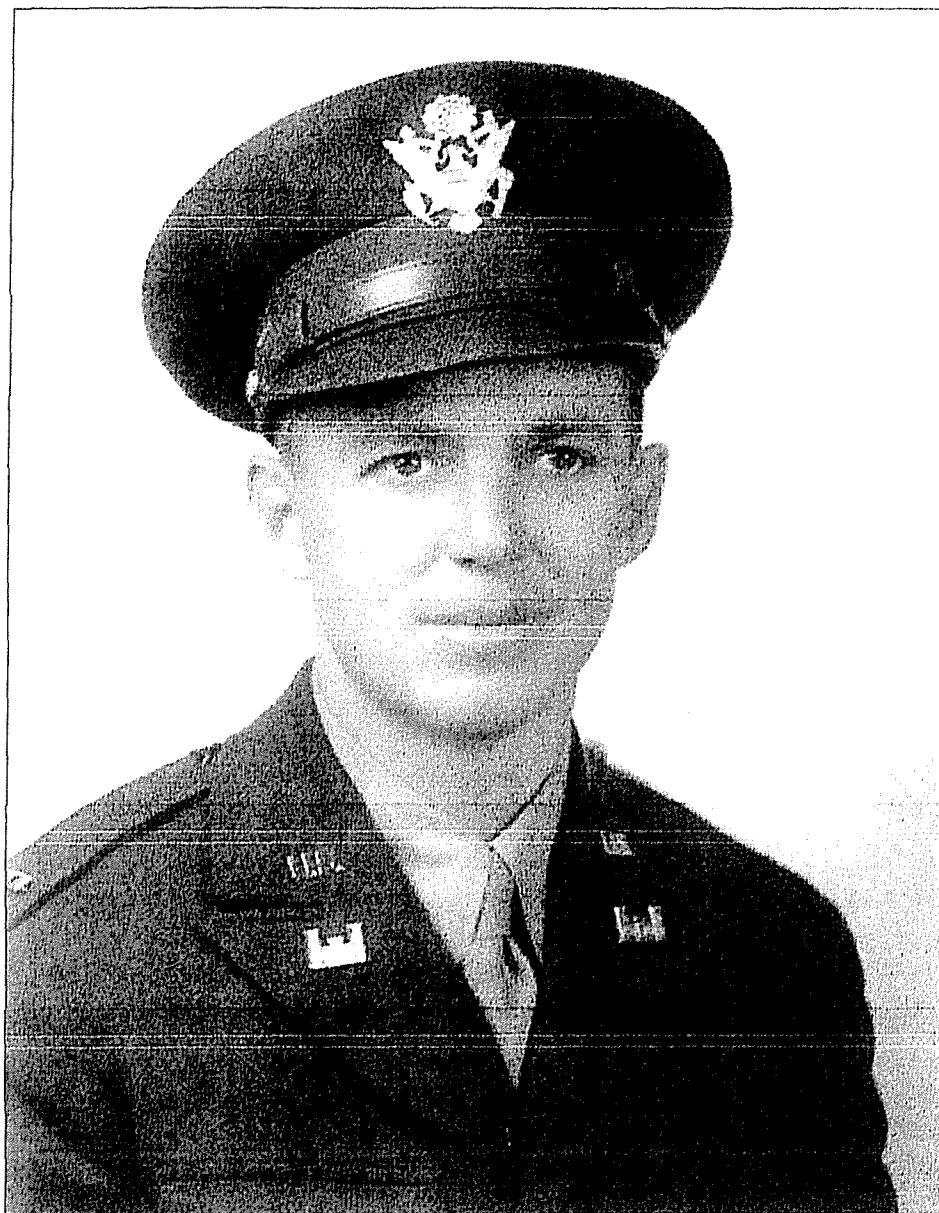
RALPH HAVER AIA: A CHRONOLOGY

Compiled by Alison King, Founding Editor, ModernPhoenix.net

This chronology features just a sampling of highlights from the firm's inventory. Many buildings listed here were personally designed by Ralph Haver AIA but several were also designed by principals of the firm. [James Salter AIA](#) was responsible for the overall look during the award-winning years. [Jimmie Nunn FAIA](#) was responsible for on-site supervision of projects, and interfacing with the public and civic groups in order to get projects approved.

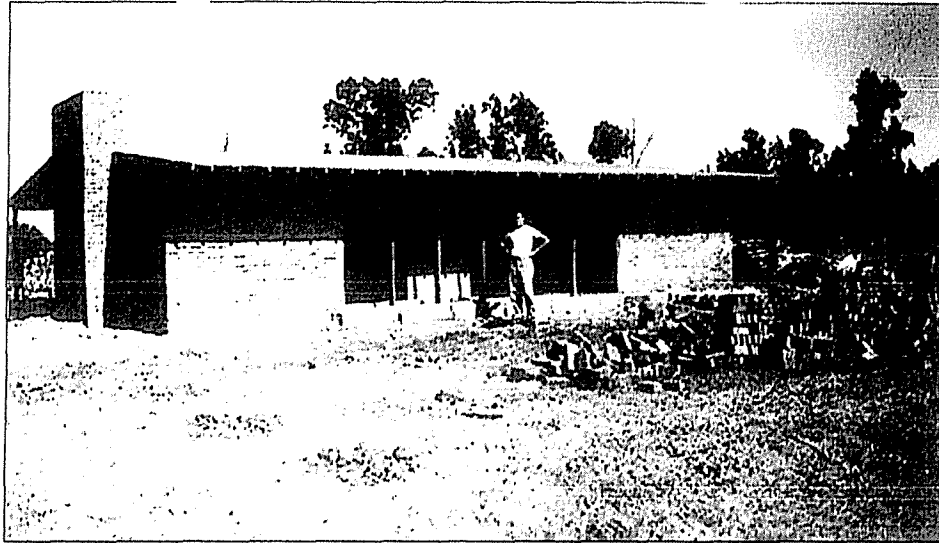
Some projects like the [Phoenix Municipal Complex](#), [Quebedeaux Chevrolet](#), the [Ciné-Capri Theater](#) and Tower Plaza were completed in collaboration with other firms. Surely dozens of collaborators assisted in design over the decades, but individual credits for the architect of record are difficult to verify.

An Arizona Republic article marking Haver & Nunn's 30-year collaboration cited that the firm built in excess of \$500 million dollars worth of buildings by the mid-70s. Verified research documents more than a dozen tract home developments officially bearing Haver's name, but the inventory was reported to total roughly 20,000 tract homes built within a five-year span across Arizona, New Mexico and Colorado. Primary and secondary sources document dozens of custom homes in the Valley of the Sun. Over 250 individual churches, schools, factories, commercial buildings, apartments, townhomes, and civic buildings were cited in the firm's portfolio by 1967.



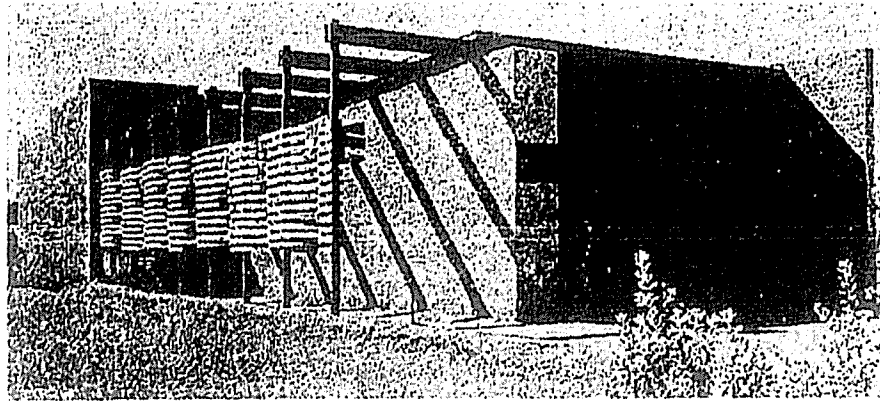
THE EARLY YEARS

- 1915 Born in Pasadena, California the son of a Harry, a mason and Alice, a schoolteacher
- 1941 Graduated University of Southern California, Pasadena with a degree in Architecture
- 1943 Marries wife Millie, whom he met at a USO dance, serves as a "90 Day Wonder" in the South Pacific
- 1946 Separated as Captain from Army Corps of Engineers



- ▣ 1946 Built his family a home in Hixson Homes subdivision [now Canal North], Uptown Phoenix
- ▣ 1946 The Hopkins House, Uptown Phoenix
- ▣ 1946 Worked for Ed Varney in Uptown Phoenix on Architect's Row
- ▣ 1946 Designed his first architectural office building on Architect's Row
- ▣ 1947 Southdale subdivision, South Phoenix

IN ARCHITECTS PAGE



(Photo, Stuart A. Weiner)

Ralph Haver's New Building Has Striking Architectural Features

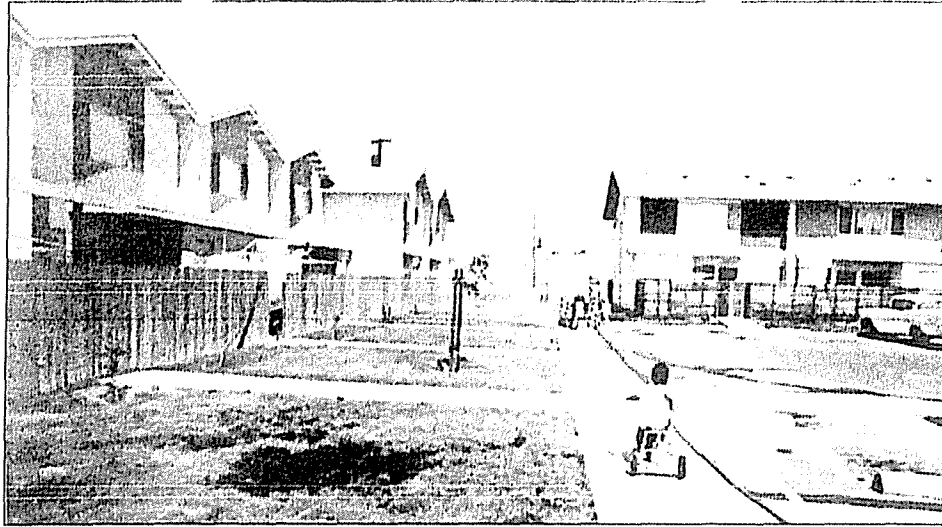
Ralph Haver, Phoenix architect, has completed a new building with striking architectural features at 207 East Camelback Road which will house his offices and a salesroom for Modern Kitchens.

The structure, built of pumice brick and with exposed redwood beams for the roof, contains a central refrigeration and heating unit.

Mr. Haver's suite of offices is reached by a trellised walkway which runs along the east side of the building. The rear offices also open onto a fenced-in garden at the rear of the property. The architectural plan allows clerestory lighting for the rear offices, which emphasize natural finishes in the decorative scheme, with a cork floor scheduled to be laid in the near future.

Mason Contractors, Inc., built the edifice for Mr. Haver for an approximate \$8,000.

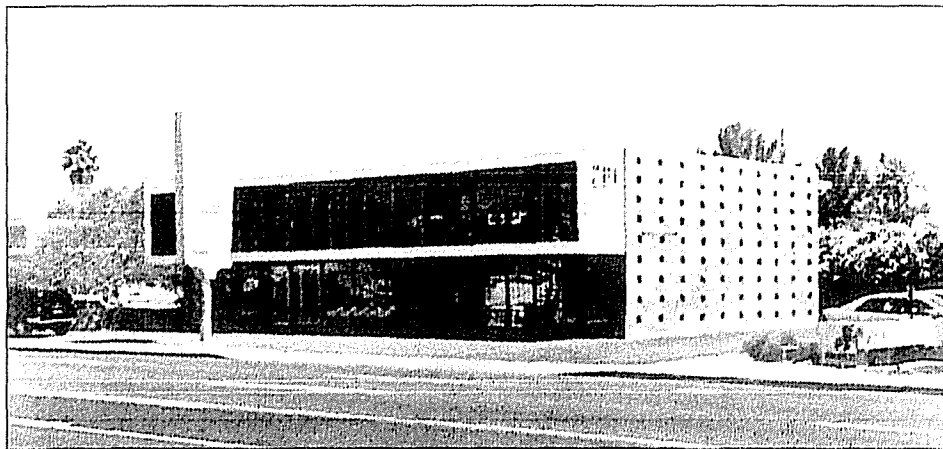
- ▣ 1949 Mañana Vista subdivision, West Phoenix
- ▣ 1949 Country Club Apartments [FHA Housing]
- ▣ 1949 Madison Rose Lane and Madison #2 schools, Uptown Phoenix
- ▣ 1950 Luke Air Force Base Housing, Glendale



- ▣ 1950 The Peggy Reed Residence at Ingleside Country Club, Central Phoenix
- ▣ 1950 The Nelson Residence, Uptown Phoenix
- ▣ 1950 The Morse Residence, Phoenix
- ▣ 1950 Mayfair Manor subdivision, Uptown Phoenix
- ▣ 1951 Poladian Residence, Uptown Phoenix
- ▣ 1951 Koko Theater and Restaurant aka Koko Club, Biltmore Area

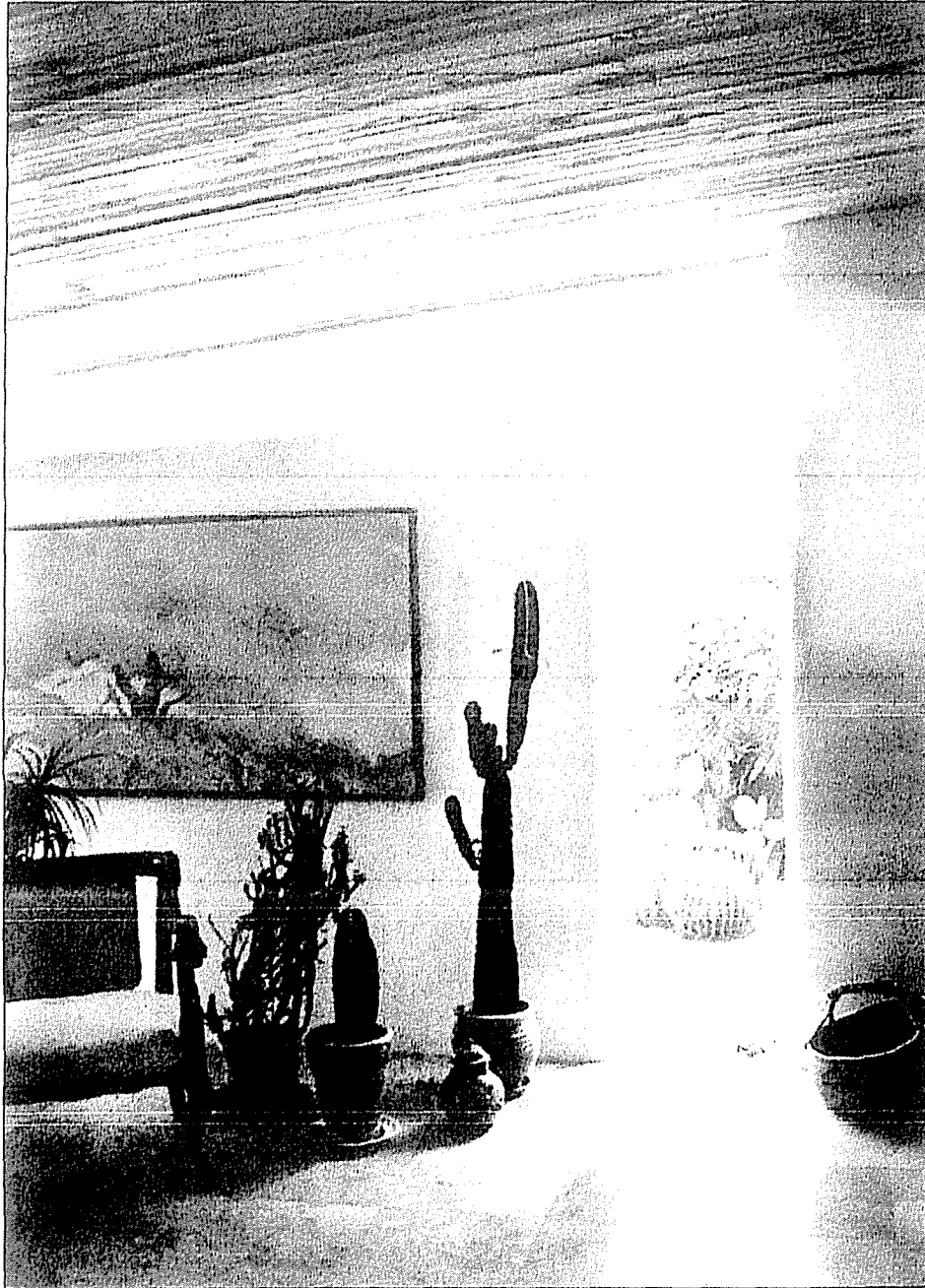
THE CIVIC BOOM YEARS

- ▣ 1952 Forged partnership with Jimmie Nunn in Uptown Phoenix
- ▣ 1952 Marlen Grove subdivision, Uptown Phoenix
- ▣ 1952 Feltman Building [now Pima Plaza], Central Scottsdale
- ▣ 1954 Friedman office building, Uptown Phoenix [now Red Modern Furniture]



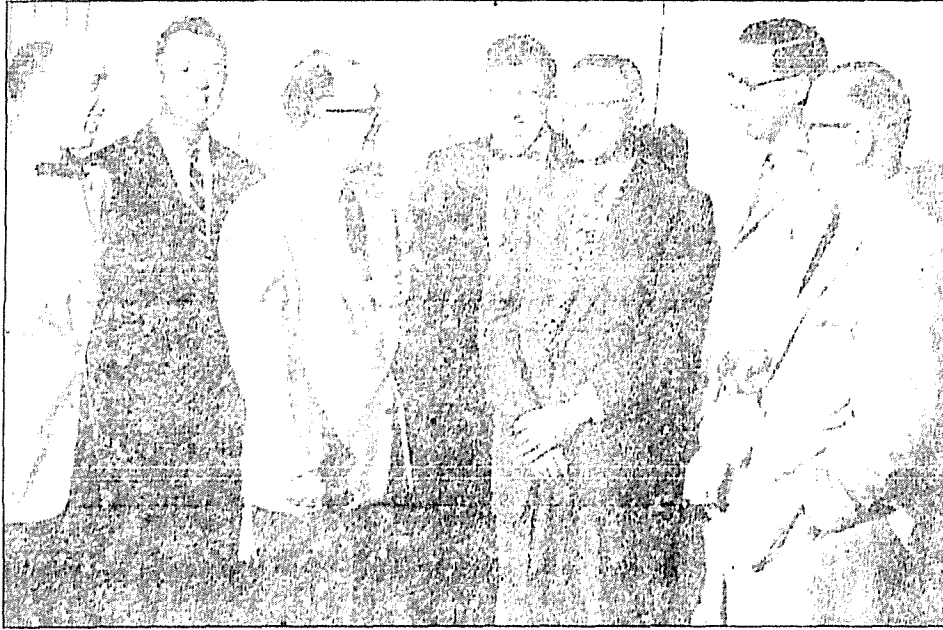
- ▣ 1952 Princess Homes in Northwood subdivision, Uptown Phoenix
- ▣ 1953 Entz White Lumber, Uptown Phoenix [demolished]

- ▣ 1953 G.E. Wonder Home, Paradise Valley
- ▣ 1954 Lou Regester Furniture [now Copenhagen Imports], Uptown Phoenix
- ▣ 1954 Quebedeas Chevrolet [with Victor Gruen], Downtown Phoenix
- ▣ 1954 Starlite Vista subdivision, North Phoenix
- ▣ 1954 Maricopa School, Maricopa
- ▣ 1955 Haver Development Corp. is formed with Ralph, Millie and Alice Haver
- ▣ 1955 Various homes in Tonka Vista subdivision including second Haver family home, Uptown Phoenix

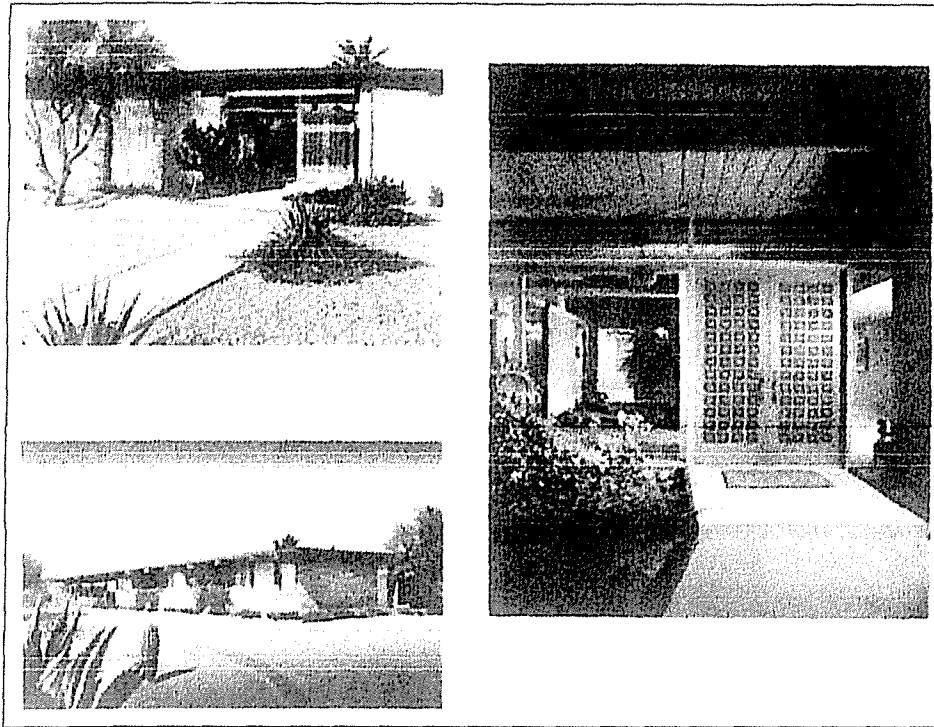


- ▣ 1955 Windemere subdivision, Arcadia

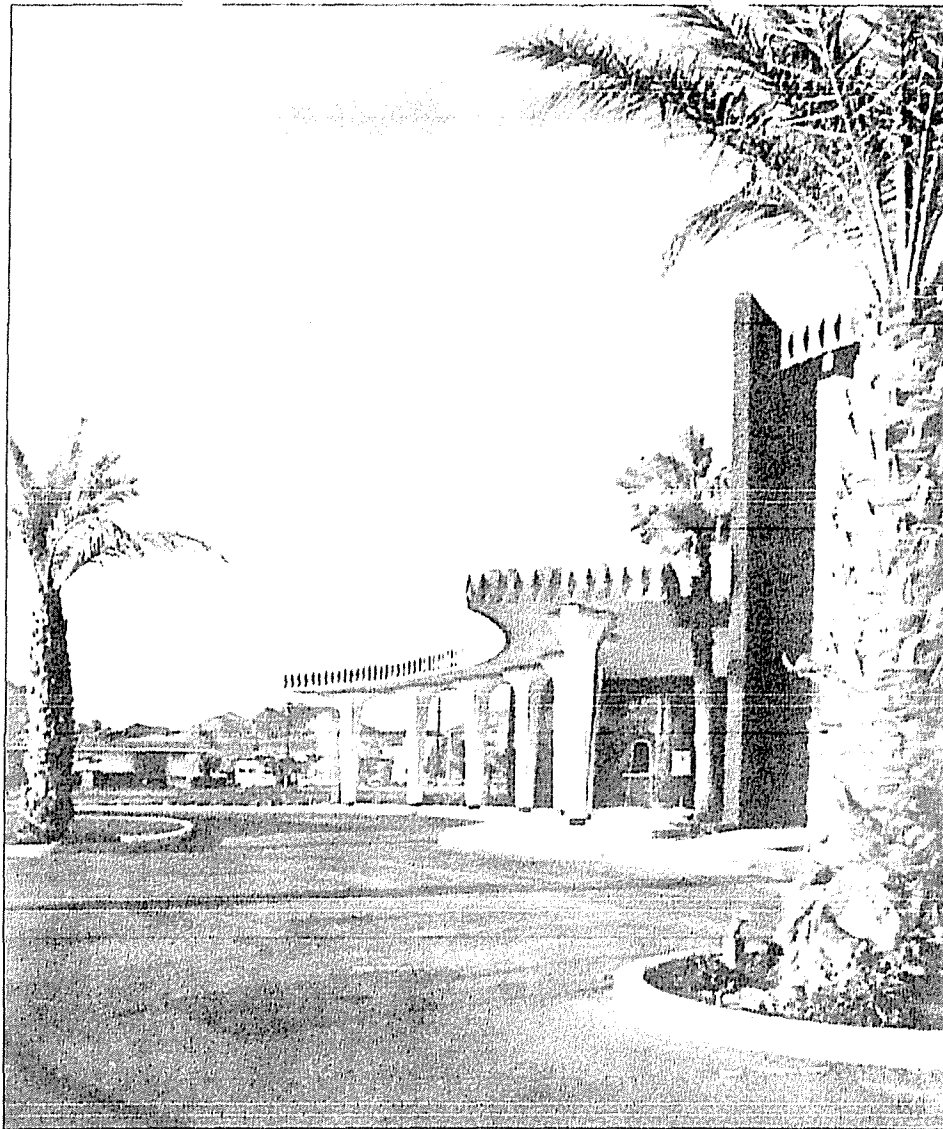
- ▣ 1955 Princess Homes at Regents Park, Arcadia
- ▣ 1955 Park Lee Alice Apartments, West Phoenix
- ▣ 1955 Barrow's Furniture Store, Tucson
- ▣ 1956 Engineering Complex, Arizona State University, Tempe
- ▣ 1956 Starlite Model Home for Parade of Homes, North Phoenix
- ▣ 1956 Tower Plaza [with John Schotanus], Phoenix
- ▣ 1957 Ralph Haver and Jimmie Nunn become founding members of the Central Arizona Chapter of the AIA with five other officers



- ▣ 1956 Town & Country Manor subdivision - Town & Country I [aka Rancho Vista], Central Phoenix
- ▣ 1956 Orchid Park subdivision, North Phoenix
- ▣ 1957 Kaibab Elementary School [AIA Regional Award for Excellence of Design]
- ▣ 1957 Janet Manor subdivision - Town & Country II, Uptown Phoenix
- ▣ 1958 St. Vincent de Paul Church complex, Maryvale
- ▣ 1958 Parker House, Arcadia
- ▣ 1958 James Salter AIA joins Haver, Nunn and Associates
- ▣ 1959 Evertson House, Marion Estates, Paradise Valley



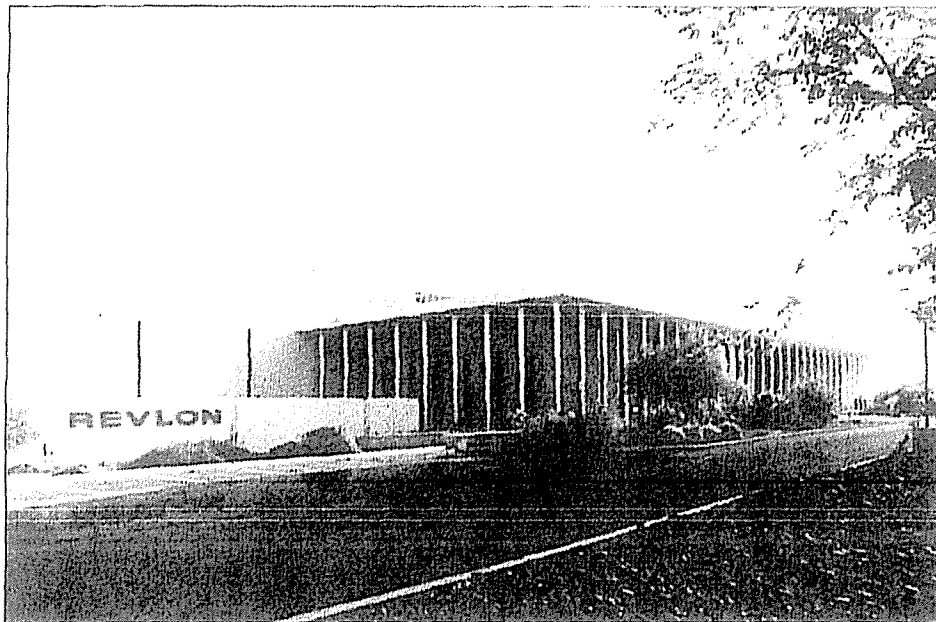
- ▣ 1959 Finkelstein Residence, Tucson
- ▣ 1959 Town & Country Scottsdale subdivision - Town & Country III, Central Scottsdale
- ▣ 1959 Social Sciences Building at ASU, Tempe
- ▣ 1959 Newman Foundation, Arizona State University [demolished?]
- ▣ 1959 Hohokam Elementary School, Central Scottsdale



THE AWARD-WINNING YEARS

- ▣ 1960 Phoenix Municipal Complex, Downtown Phoenix [AIA First Honor Award, designed in collaboration with Edward L. Varney and Associates]
- ▣ 1960 Villa Monterrey Retirement Homes, Scottsdale [phase 1 cited]
- ▣ 1960 Coronado High School, Central Scottsdale [mostly demolished]
- ▣ 1960 Town and Country Paradise • Town & Country IV, North Phoenix
- ▣ 1961 Ralph Haver and Jimmie Nunn assume business name of Ralph Haver Associates
- ▣ 1961 Kon Tiki Motel, Phoenix [demolished]
- ▣ 1961 Arizona Bank branch, Uptown Phoenix AIA Chapter Award for Excellence of Design AIA Award of Merit [now The Vig Uptown]
- ▣ 1961 Delta Chi Fraternity house on ASU's Greek Row, Tempe [demolished]
- ▣ 1962 Haver & Nunn Office Building on Missouri, Uptown Phoenix [now the Phoenix Boys Choir]

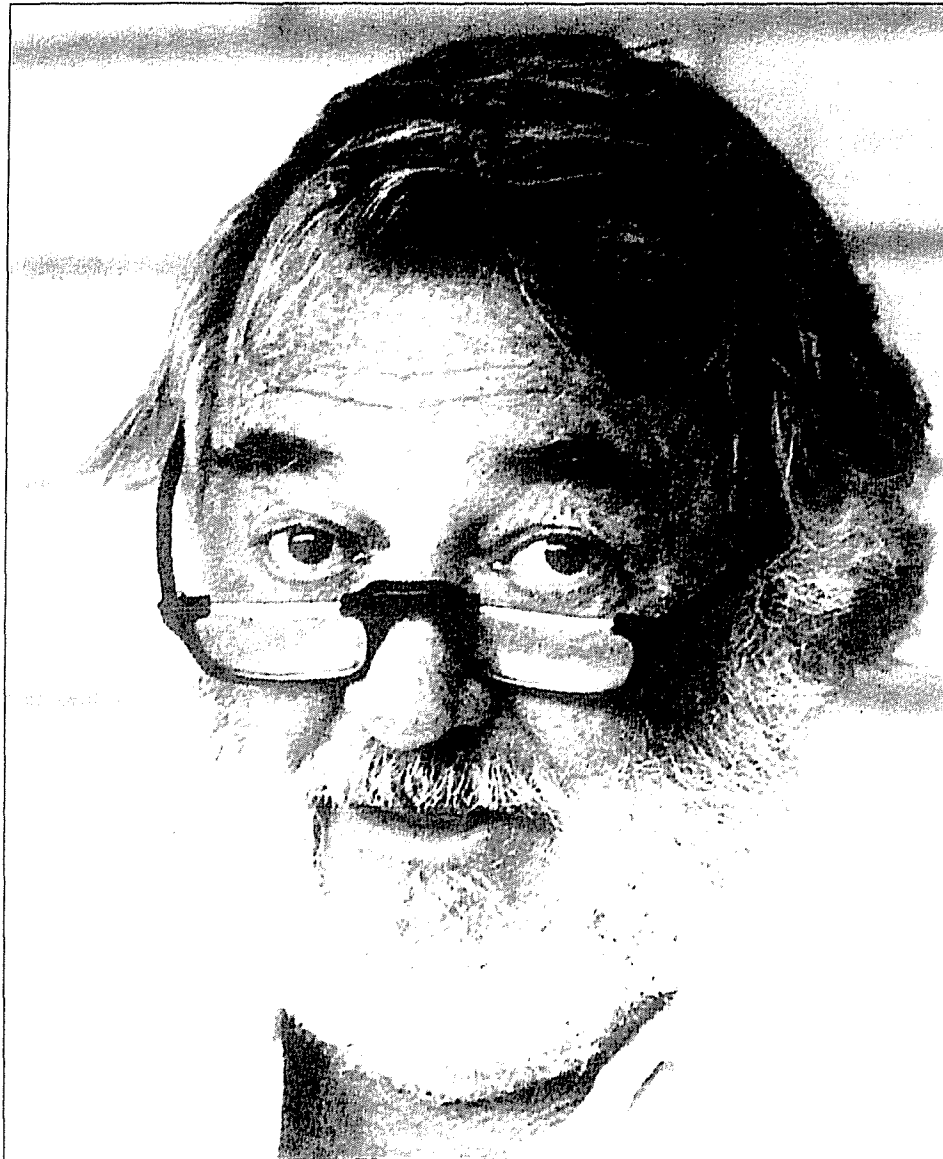
- ▣ 1963 the firm is incorporated as Haver, Nunn & Jensen Architects Inc. with Ross Jensen, James Harris and Jim Salter as fellow incorporators with Haver & Nunn
- ▣ 1963 First Federal Savings & Loan, Central Scottsdale [NSID Award for Excellence of Design and AIA Award of Merit, demolished]
- ▣ 1963 Barrow's Furniture Store, Tucson [AIA Award of Merit, AIA Honor Award]
- ▣ 1963 Engineering Complex expansion, Arizona State University, Tempe
- ▣ 1963 Paradise Valley United Methodist Church Master Plan and chapel [Valley Beautification Award]
- ▣ 1964 Ciné Capri Theater, [with Henry G. Greene], Phoenix [demolished]
- ▣ 1964 Phoenix College Library, additions and various buildings in years to follow, Phoenix
- ▣ 1964 Golden Keys Townhomes for Del Trailor, Scottsdale [phase 1 cited]



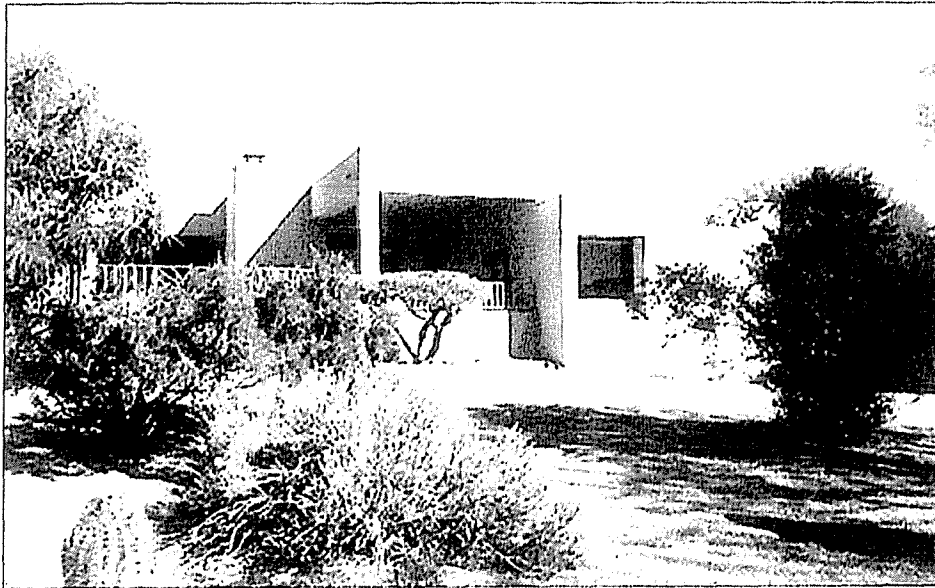
THE INDUSTRIAL & CORPORATE YEARS

- ▣ 1965 Beekman Place townhouses, Phoenix
- ▣ 1965 Phoenix Country Club Townhouses [Valley Beautification Award]
- ▣ 1966 Revlon Factory, Phoenix
- ▣ 1966 Goldblatt's Home Center, Chicago
- ▣ 1969 American Express Complex, North Phoenix
- ▣ 1969 Firm changes name to Haver, Nunn and Nelson and begins to offer engineering services
- ▣ 1971 Avenida Hermosa and Casa Hermosa condos, Uptown
- ▣ 1973? Key artistic director of the firm, James Salter AIA, dies in tragic accident in Honolulu

- 1973 Sentry Center, North Scottsdale
- 1975 The firm is reorganized into Haver, Nunn and Collamer
- 1978 Escondido custom homes, Southern California [including Haver's own personal "tree house"]



- 1979 Pueblo Bonita duplexes, Arcadia
- 1980 North Phoenix Baptist Church, North Phoenix
- 1981 Salt River Project Administration Building, Phoenix
- 1981 Intel Deer Valley Facility, North Phoenix
- 1983 Ramm Hill townhomes in Borrego Springs, CA [San Diego firm]
- 1980s Firm begins to disband, Haver semi-retires in San Diego, Nunn to Flagstaff
- 1986 Four Haver Family custom homes built in one year: Mesa, Carefree, Phoenix, and Cave Creek



- 1986 Builds his last home in Cave Creek in a boxy international/southwestern style
- 1987 Ralph Burgess Haver passes away in Scottsdale, Arizona from complications of COPD [chronic obstructive pulmonary disease]

Carol Rea

420 E. 7th Ave., Escondido, CA 92025. 760-735-8072, Carolrea@aol.com

July 28, 2014

Dear Heather and Dale,

Congratulations on owning a significant home in the Old Escondido Historic District. The Haver House is a unique piece of architecture that typifies the diversity of homes in Escondido's oldest neighborhood.

As you know, your home was featured on Old Escondido's Mothers Day Home Tour in 2011. This was an easy choice by our rather particular Home Selection Committee and supported by the OE Board of Directors even though it's not quite historic in traditional terms but definitely a home of note that stands in equal esteem with older homes in the historic district.

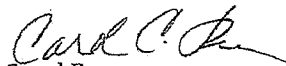
We came across the restored home when it came on the market just prior to the Home Tour, after the new owner renovated the place and did a terrific job. With impressive views from multiple levels, each with its own deck, the massive beams and soaring angles make this a handsome and distinctive home. Standing almost anywhere inside and looking out, one has a sense of privacy and a feeling of living in the treetops. Possibly equally amazing, is that the house – including the swimming pool – was built in and around massive granite boulders that no doubt challenged but ultimately enhanced its design.

In order to write up a description of your home for the Mothers Day program, my initial research uncovered the name "Ralph Haver" in the building permit files at City Hall but I didn't recognize it at the time. What a lovely surprise I had when I Googled it upon returning home! Ralph Haver built thousands of homes and commercial structures in Phoenix, Arizona and surrounding areas and his designs have long been well respected there. His homes are still prized today, especially by aficionados of mid-century architecture, and we are privileged that it was here, in the heart of Escondido, that he had planned to retire and built this exceptional home for himself.

While some may feel that the Haver House is not old enough to be placed on the Local Register, we must not forget that this outstanding home was once so neglected that its only occupants were rodents and other wild creatures and the City had declared it uninhabitable. Even though it is not likely to be mistreated in that way again, I strongly believe that the Haver House's distinctive design and the prominence of the architect who designed it for his own home make it worthy of the attention afforded by the Local Register, so that it can always be protected and enjoyed by generations to come.

Please feel free to share my thoughts as you wish in order to pursue Local Register status and a Mills Act Contract. You have my full support as the recipient of the City of Escondido's 2012 Historic Preservation Award and the 2012 Save Our Heritage Organisation's Outstanding Preservation Citizen Award and as President of the Old Escondido Historic District, Vice Chairman of the Escondido Historic Preservation Commission, and a proud neighbor.

Sincerely,



Carol Rea

RESOLUTION NO. 2014-140

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, LISTING THE RESIDENTIAL STRUCTURE ON THE PROPERTY ADDRESSED AS 831 SOUTH BROADWAY ON THE CITY'S LOCAL REGISTER OF HISTORIC PLACES AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A MILLS ACT CONTRACT, AKA AN HISTORIC PROPERTY PRESERVATION AGREEMENT, WITH DALE E. HARSHMAN III AND HEATHER HARSHMAN FOR THE PROPERTY LOCATED AT 831 SOUTH BROADWAY

(CASE No. HP-14-0002)

WHEREAS, the City's Historic Resources Ordinance identifies seven criteria for properties to be listed on the City's Local Register of Historic Places; and

WHEREAS, properties eligible for listing on the Local Register must meet at least two of the seven criteria identified in the Ordinance; and

WHEREAS, the property located at 831 South Broadway has been evaluated against the criteria and has been found to be eligible for listing on the Local Register; and

WHEREAS, the Mills Act is a state law enabling owners of designated historic properties to enter into an historic property preservation contract with their local legislative body and receive a property tax reduction; and

WHEREAS, this property qualifies for a Mills Act Contract since it was recommended by the Historic Preservation Commission to be listed in the Local Register of Historic Resources on August 5, 2014; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to list the historic property located at 831 South Broadway on the City's Local Register of Historic Places and approve the Agreement for the property, as recommended by the Historic Preservation Commission on August 5, 2014.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and City Clerk are hereby authorized to list the property on the City's Local Register of Historic Places and to execute, on behalf of the City, an Agreement with Dale E. Harshman III and Heather Harshman for the property located at 831 South Broadway. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

Resolution No. 2014-140
Exhibit A
Page 1 of 10

Case: HP14-0002

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and Dale E. Harshman III and Heather Harshman (hereinafter referred to as "the OWNERS").

Recitals

1. WHEREAS, the OWNERS possess and own real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and
2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and
3. WHEREAS, both the CITY and the OWNERS desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and
4. WHEREAS, both the CITY and the OWNERS desire to limit the use of the PROPERTY and to preserve the PROPERTY so as to retain its characteristics as a property of cultural, architectural, and historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNERS, in consideration of the mutual promises, covenants, and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

1. Applicability of Government Code and Revenue and Taxation Code. This Agreement is made pursuant to Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code and is subject to all of the provisions of these statutes.

2. Preservation/Rehabilitation and Maintenance of Property. During the term of this Agreement, the PROPERTY shall be subject to the following conditions, requirements, and restrictions:

a. The OWNERS agree to preserve/rehabilitate and maintain the cultural, historical, and architectural characteristics of the PROPERTY during the term of this Agreement as set forth in the attached schedule of improvements identified as Attachment B.

b. The OWNERS shall maintain all buildings, structures, yards, and other improvements in a manner which does not detract from the appearance of the immediate neighborhood. Prohibited property conditions include, but are not limited to:

- i. Dilapidated, deteriorating, or unrepaired structures, such as fences, roofs, doors, walls, and windows;
- ii. Scrap lumber, junk, trash, or debris;
- iii. Abandoned, discarded, or unused objects or equipment, such as automobiles, automobile parts, furniture, stoves, refrigerators, cans, containers, or similar items;
- iv. Stagnant water or excavations, including swimming pools or spas; and
- v. Any device, decoration, design, or structure, or vegetation which is unsightly by reason of its height, condition, or its inappropriate location.

c. All improvements and work performed on the PROPERTY shall meet, at a minimum, the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, the State Historical Building Code, and the applicable development codes of the City of Escondido.

d. Upon the CITY'S request, the OWNERS shall submit within thirty (30) days documentation of expenditures incurred within the last 24 months to accomplish items from the list of scheduled improvements for the PROPERTY as set forth in Attachment B of the Historic Property Preservation (Mills Act) Agreement. The OWNERS shall be in substantial compliance with the scheduled improvements set forth in Attachment B when the expenditures incurred to accomplish the improvements are equal to or greater than the

OWNERS' annual property tax savings for the last 24 months, as determined by the CITY, based upon the County Tax Assessor's valuation of the PROPERTY using the process set forth in Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

e. OWNERS shall, within thirty (30) days after written notice from the CITY, furnish the CITY with any information the CITY shall require to enable the CITY to determine (i) the PROPERTY'S present state; (ii) the PROPERTY'S continued eligibility as a qualified historic property; and (iii) whether the OWNERS are in compliance with this Agreement.

_____**OWNER'S INITIALS**

3. Inspections. The OWNERS agree to permit periodic examinations/inspections of the interior and exterior of the PROPERTY by the CITY, the County Assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the OWNERS' compliance with this Agreement.

_____**OWNER'S INITIALS**

4. Term of Agreement. This Agreement shall be effective and shall commence on January 1st of the year following the successful recordation of this document by the County Recorder's Office and shall remain in effect for a period of ten (10) years thereafter.

5. Automatic Renewal. On the tenth (10th) anniversary of this Agreement and on each successive anniversary date (hereinafter referred to as "the RENEWAL DATE"), one (1) year shall automatically be added to the initial term of this Agreement unless notice of nonrenewal is given as provided in Paragraph 6 below.

6. Notice of Nonrenewal. If, in any year, either the CITY or the OWNERS desire not to renew this Agreement, that party shall serve a written notice of nonrenewal on the other party. If the OWNERS elect to serve a notice of nonrenewal, the notice must be served on the CITY at least ninety (90) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. Conversely, if the CITY elects to serve a notice of nonrenewal, the notice must be served on the OWNERS at least sixty (60) days prior to the RENEWAL DATE, otherwise one (1) additional year shall automatically be added to the term of this Agreement. The CITY may issue a notice of nonrenewal if the CITY determines improvements, maintenance, rehabilitation, renovation, and/or restoration of the PROPERTY is required for the PROPERTY'S continued eligibility as a qualified historic property. Upon receipt by the OWNERS of a notice of nonrenewal from the

CITY, the OWNERS may make a written protest of the nonrenewal. The CITY may, at any time prior to the RENEWAL DATE, withdraw its notice of nonrenewal.

7. Effect of Notice of Nonrenewal. If, in any year, either party serves a notice of nonrenewal as provided in Paragraph 6 above, this Agreement shall remain in effect for: (1) the balance of the period remaining under the initial term of this Agreement; or (2) the balance of the period remaining since the last automatic renewal, whichever the case may be.

8. Cancellation. The CITY may cancel this Agreement if the CITY determines the OWNERS: (a) have breached any of the conditions or covenants of this Agreement; (b) have allowed the PROPERTY to deteriorate to the point that it no longer meets the standards of a qualified historical property as defined in California Government Code section 50280.1; or (c) if the OWNERS have failed to restore or rehabilitate the PROPERTY in the manner specified in Paragraph 2 of this Agreement.

OWNER'S INITIALS

9. Notice of Cancellation. Notwithstanding the above, this Agreement cannot be cancelled until after the CITY has given notice and has held a public hearing as required by California Government Code section 50285.

10. Cancellation Fee. If the CITY cancels this Agreement in accordance with Paragraph 8, the OWNERS shall pay those cancellation fees set forth in California Government Code sections 50280 et seq., described herein. Upon cancellation, OWNERS shall pay a cancellation fee of twelve and one-half percent (12-1/2%) of the current fair market value of the PROPERTY, which is to be determined by the County Assessor as though the PROPERTY were free and clear of any of the restrictions pursuant to this Agreement. The cancellation fee shall be paid to the County Auditor at the time and in the manner that the County Auditor shall prescribe and shall be allocated by the County Auditor to each jurisdiction in the tax rate area in which the PROPERTY is located in the same manner as the County Auditor allocates the annual tax increment in that tax area that fiscal year.

OWNER'S INITIALS

11. No Compensation. The OWNERS shall not receive any payment from the CITY in consideration for the obligations imposed under this Agreement. The parties recognize and agree that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to the OWNERS as a result of

assessed value of the PROPERTY because of the restrictions this Agreement imposes on the use and preservation of the PROPERTY.

12. Enforcement of Agreement. As an alternative to cancellation of the Agreement for breach of any condition as provided in Paragraph 8, the CITY may, in its sole discretion, specifically enforce, or enjoin the breach of the terms of this Agreement. In the event of a default, under the provisions of this Agreement by the OWNERS, the City shall give written notice to OWNERS by registered or certified mail. If such violation is not corrected to the reasonable satisfaction of CITY within thirty (30) calendars days after the date of notice of violation, or within such reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) calendar days and thereafter diligently pursued to completion), the CITY may, without further notice, declare OWNERS to be in breach under the terms of this Agreement, and may bring any action necessary to specifically enforce the obligations of the OWNERS growing out of the terms of this Agreement or apply for such other relief as may be appropriate under local, state, or federal law.

13. Indemnification. OWNERS shall indemnify, defend (with counsel reasonably acceptable to CITY) and hold harmless the City of Escondido, and all of its boards, commissions, departments, agencies, agents, officers, and employees from and against any and all actions, causes of actions, liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses (collectively the "Claims") incurred in connection with or arising in whole or in part from this Agreement, including without limitations:

- a. any accident, injury to or death of a person, loss of or damage to property incurring in or about the PROPERTY;
- b. the use or occupancy of the PROPERTY by OWNERS, their agents or invitees;
- c. the condition of the PROPERTY;
- d. any construction or other work undertaken by OWNERS of the PROPERTY.

This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, experts and the CITY'S cost for investigating any Claims. OWNERS shall defend the CITY and all of its boards, commissions, departments, agencies, agents, officers, and employees from any and all Claims even if such Claim is groundless, fraudulent, or false. The OWNERS' obligations under this Paragraph shall survive termination of this Agreement.

_____ **OWNER'S INITIALS**

14. Remedy If Agreement Not An Enforceable Restriction. In the event it is finally determined by a court of competent jurisdiction that this Agreement does not constitute an enforceable restriction within the meaning of the applicable provisions of the California Government Code and the California Revenue and Taxation Code, except for an unenforceability arising from the cancellation or nonrenewal of this Agreement, for any tax year during the life of this Agreement, then this Agreement shall be null and void and without further effect and the PROPERTY shall from that time forward be free from any restriction whatsoever under this Agreement without any payment or further act by the parties.

15. Condemnation Proceedings. If condemnation proceedings are filed against the PROPERTY, or if the PROPERTY is acquired by a public agency in lieu of condemnation proceedings, this Agreement shall be null and void. If the condemnation proceedings are subsequently abandoned or the acquisition rescinded, this Agreement shall be reactivated retroactively and shall be in full force and effect without the need for any further act by the parties.

16. Entire Agreement. This instrument and its attachments constitute the entire agreement between the parties. The parties shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Agreement. Each party hereby acknowledges that in executing this Agreement, the party has not been induced, persuaded, or motivated by any promise or representation made by the other parties, unless expressly set forth in this Agreement. All previous negotiations, statements, and preliminary instruments by the parties or their representatives are merged in this instrument and are of no force and effect.

17. Attorney's Fees. In the event legal proceedings are brought by any party or parties hereto, to enforce or restrain a violation of any of the covenants, reservations, or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover its reasonable attorney's fees in addition to court costs and other relief ordered by the court.

18. Modification. No modification of this Agreement shall be valid or binding unless the modification is in writing, signed by all parties, and recorded with the County Recorder for the County of San Diego.

19. Binding Effect. This Agreement shall be binding on and inure to the benefit of all parties herein, their heirs, successors-in-interest, legal representatives, assigns and all persons acquiring any part or portion of the PROPERTY, whether by operation of law or otherwise, and that any such person(s) shall have the same rights and obligations under this Agreement.

20. Choice of Law and Forum. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce any provision of this Agreement shall be brought in the San Diego Superior Court, North County Division.

21. Sale. If the PROPERTY is sold, the OWNERS shall notify the CITY of the sale and present to the CITY a signed statement from the new owners indicating that a copy of this agreement was provided to them.

22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

23. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

24. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

25. Notices. Any notice, delivery or other communication pursuant to this Agreement shall be in writing and shall be given to:

CITY: City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

OWNERS: Dale E. Harshman III & Heather Harshman
831 South Broadway
Escondido, CA 92025

Any party may change his/her/its address by giving written notice to the other parties in the manner provided in this paragraph. Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other parties within five (5) business days after the notice has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above.

26. Notice to Office of Historic Preservation. The OWNERS or an agent of the OWNERS shall provide written notice of this Agreement to the Office of Historic Preservation within six months of entering into this Agreement. A copy of this notice shall also be provided to the CITY.

(Remainder of page left intentionally blank.)

27. Counterparts. This Agreement may be executed in any number of counterparts or by facsimile transmission, each of which will be deemed an original with the same effect as if all signatures were on the same instrument.

IN WITNESS WHEREOF, the CITY and the OWNERS have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Dated: _____

By: _____
Sam Abed, Mayor

Dated: _____

By: _____
Diane Halverson, City Clerk

OWNERS

Dated: _____

By: _____
Dale E. Harshman III
(This signature must be notarized.)

Dated: _____

By: _____
Heather Harshman
(This signature must be notarized.)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

ATTACHMENT "A"

**LEGAL
DESCRIPTION**

Lot 8 in Block 193 of Escondido, in the City of Escondido, County of San Diego, State of California, according to Map thereof No. 336, filed in the Office of the County Recorder of San Diego County, July 10, 1886.

Excepting therefrom the Westerly 10 feet thereof.

Together with that portion of the Westerly one-half of South Broadway Street adjoining said Lot 8 on the East, as closed by Resolution No. 75-35, by document recorded February 25, 1975 as file no. 75-042819 of Official Records.

APN: 233-382-15-00

ATTACHMENT "B"

Mills Act Application List of Improvements

Property Address: 831 South Broadway
Property Owners: Dale E. Harshman III and Heather Harshman

1. Trim existing trees on property (in process)
2. Repair and upgrade existing irrigation system (in process)
3. Relandscape rear yard to include drought-tolerant plants that will assist with erosion control (in process)
4. Make efforts to save and maintain young avocado tree orchard planted to replace orchard that existed when property was originally purchased by Ralph Haver (in process)
5. Replace rotted and termite damaged wood in decks (planned)
6. Replace rotted and termite damaged wood in house siding (planned)
7. Replace rotted and termite damaged wood in carport (planned)
8. Repaint decks, the house's wooden siding, and carport (planned)
9. Replace rotted planter boards in terraced landscaping areas (planned)
10. Add plants and trees in front yards (planned)
11. Replace wooden property line fences as needed (planned)

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 11
Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Barbara Redlitz, Director of Community Development

SUBJECT: Recommendations for Allocation of Affordable Housing Funds (Case Numbers: 0873-01-23 and 0875-21)

RECOMMENDATION:

Adopt City Council Resolution No. 2014-154 encumbering HOME and Successor Housing Agency funds for three developer requests totaling \$7,350,000 by:

1. Authorizing Housing staff to restrict 2013 and 2014 HOME Allocations for use as CHDO funds.
2. Providing authorization to the Community Development Director to conditionally commit federal HOME/CHDO funds in an amount not to exceed \$1,000,000 to Community HousingWorks (CHW) for the acquisition and rehabilitation of 10 affordable multi-family rental units within a 200 unit development located at 260 Midway Drive, and authorizing the Mayor and City Clerk to execute an Affordable Housing Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney;
3. Providing authorization to the Community Development Director to conditionally commit federal HOME funds and Successor Housing Agency funds (formerly Low and Moderate Income Set-Aside funds) in an amount not to exceed \$4,100,000 to Urban Housing Communities (UHC) for the acquisition and rehabilitation of a 44-unit affordable multi-family rental development located at 1150-66 North Escondido Boulevard and authorizing the Mayor and City Clerk to execute an Affordable Housing Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney; and
4. Providing authorization to enter into an exclusive negotiating agreement (ENA) with Solutions for Change (Solutions) for the development of 24-40 units of affordable multi-family rental units located at 1560-1574 South Escondido Boulevard; authorizing the allocation of up to \$150,000 of Successor Housing Agency funds for predevelopment work and an amount not to exceed \$2,100,000 in future Successor Housing Agency funds (including Educational Revenue Augmentation Fund Loans ("ERAF Payments")), and authorizing the Mayor and City Clerk to execute an Affordable Housing Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney.

FISCAL ANALYSIS:

There will be no impact on the General Fund.

HOME funds may be used solely for affordable housing purposes. HOME and HOME/CHDO funds reserved in the various budgets have been aggregated and are available for commitment. \$395,415 will have to be returned to HUD if not fully committed for local housing purposes by June 30, 2015.

Successor Housing Funds have been aggregated and are available for commitment. The Housing Division anticipates \$2,704,314 in ERAF Payments in FY2015-16 and FY2016-17. If these funds are not received by the City they cannot be made available to the developer and the project will not go forward to an Affordable Housing Agreement.

BACKGROUND:

On August 7, 2014, the Housing Division released a Request for Proposals (RFP) inviting for-profit, non-profit and Community Housing Development Organizations (CHDOs) to submit requests for funding for the provision of affordable rental housing or first-time homebuyer opportunities through the rehabilitation of blighted properties or acquisition of long-term affordability covenants. The HOME Program regulations require that a minimum of 15 percent (15%) of the total HOME grant be allocated to certified CHDOs which are nonprofit organizations that have been certified by a city as meeting HUD's requirements. Additional funds may be designated as CHDO funds. The RFP originally included a total of \$1,000,000 in Affordable Housing Funds, including federal Home Investment Partnerships (HOME) Program funds and Successor Housing Agency (SHA) funds.

By regulation, HOME funds must be committed to a specific project within two years and expended within four or five (for CHDO projects) years. Recaptured funds and program income must be committed before new allocations (FY 2013-14 or FY 2014-15) may be spent. FY 2013-2014 funds are required to be committed by June 30, 2015; an extension of this deadline would require an act of the US Congress. Housing projects must have all financing committed, a budget and schedule established, underwriting and subsidy layering completed before HOME funds may be committed. Construction must be scheduled to begin within 12 months of the commitment of HOME funds. The HOME and HOME/CHDO development funds will be provided in the form of a loan to the project.

Solutions, which received a conditional commitment of \$2,100,000 in HOME and HOME/CHDO funds in 2013, has not received leveraged funding to continue a 24-unit development on South Escondido Boulevard. The City had to return \$214,022 in other HOME funds to HUD on June 30, 2014, as Solutions could not commence its project. Continued discussions with Solutions resulted in an agreement to relinquish the HOME and HOME/CHDO funds in return for an exclusive negotiating agreement which will conditionally commit future ERAF funds.

Since the issuance of the RFP, the Housing Division has continued to receive repayments of both HOME loans and SHA funds which have made additional funds available. The Housing Division currently has up to \$4,800,000 in Affordable Housing Funds which can be committed, plus ERAF payments anticipated in FY2015-16 and FY2016-17 totaling an additional \$2,704,314. Additionally, the Housing Division has a San Diego Federation fund which may be used to finance a project which assists women and children who have survived domestic abuse situations upon consent from the donor.

Four responses to the RFP were received and have been reviewed in detail by staff. One was determined to not qualify under this RFP. Additional fiscal review was conducted by Keyser Marston Associates. The proposals were evaluated carefully based on the rating criteria included in the RFP and approved by Council.

DISCUSSION OF RECOMMENDED PROJECT AND ANALYSES:

Developer: Community HousingWorks (CHW)

CHW has a 30-year history as a non-profit developer and owner of affordable housing communities across San Diego County, with its roots in Escondido. CHW qualifies as a CHDO with its strong emphasis on incorporating the voices of low-income residents in their communities in order to fulfill their mission "to help people and communities move up in the world through opportunities to own, rent and achieve." The proposed project would be CHW's seventh community in Escondido.

Cypress Cove is a 200 unit affordable housing project located in District 3. Current affordability restrictions will expire in 15 or 30 years (variable), putting the development at risk of being purchased by a market rate developer and converted to market rate apartments. CHW has proposed City assistance for 10 units in order to be able to participate in 4% tax credits for the acquisition and rehabilitation of the entire development. Funding for the project will extend affordability restrictions for all 200 units (with two units to be reserved for on-site staff) an additional 55 years (to 2070).

Built in 1977, the complex was modestly renovated in 2000 with tax credits and tax exempt bonds. The property has 27 buildings with large, two-story flats. The site has two swimming pools, ample parking, a laundry facility, a basketball court, two play structures, and a sizable office/community building. Rehabilitation will focus on deferred project maintenance, including new roofs, windows, and the repair/replacement of exterior wood. Energy and water savings investments will be a high priority, and the project will meet the stringent guidelines of the California Tax Credit Allocation Committee program. At least 25% of the units (or an equivalent amount of work) will receive substantial upgrades to kitchens and baths, with additional units being renovated over time.

Financing Plan:

CHW has requested an allocation from the City's HOME funds of \$1,000,000 to assist with the acquisition and rehabilitation of the units. CHW has been designated as a CHDO for this project, allowing them to access the FY 2013-14 and FY 2014-15 allocations. Total project development costs are estimated at \$38.8 million. CHW will apply for non-competitive 4% tax credit for this project in Winter 2014/2015 in order to receive a commitment of leveraged funding ahead of the June 30, 2015 HOME funds expiration date. If approved, this allocation of funds will provide a total subsidy of approximately \$100,000 per unit to City-restricted units within the project. A copy of the KMA analysis of their proforma is included as Attachment A.

Planning and Affordability Analysis:

The site is adjacent to the East Valley Parkway Target Area and has a General Plan designation of Urban III allowing for multi-family residential up to 18 units per acre. This project will not add any new units to the project and will address deferred maintenance in the building envelope and landscaping. The development will be regulated by requirements set forth in the City's loan documents and by TCAC regulations restricting affordability. Two units will be rented to families at low HOME rents, and eight units will be reserved for families at high HOME rent levels.

An allocation of HOME funds for acquisition and rehabilitation is recommended based on the strength of the proposal submitted. KMA's projections show that the City's 3% simple interest loan will be paid off before at the end the 55-year affordability period; this will allow for continued reinvestment in maintenance and upgrades to the property.

Recommendation: approval of an allocation of HOME/CHDO funds in the amount of \$1,000,000 (Attachment B).

DISCUSSION OF SECOND-HIGHEST SCORING PROPOSAL:

Developer: Urban Housing Communities (UHC)

UHC is a "mission driven" for-profit affordable housing developer which has developed over 800 units of housing in California and Hawaii since 2003, including 55 units known as The Crossings at Mission Grove Place in Escondido. The Crossings at Mission Grove Place reengineered the old blighted, gang impacted Elder Place neighborhood and has helped to decrease crime in the neighborhood.

UHC has a purchase contract in place for 1150-66 North Escondido Blvd in District 1. The 44-unit apartment complex currently has market rate leases with two-bedroom, one-bathroom units in four

apartment buildings. The complex was built in 1979 and has been owned by the current owner since 1989. There have been five Code Enforcement cases at this location since 2005, primarily for substandard dwelling/property maintenance cases. UHC will perform a substantial remodel (approximately \$55,000 per unit) on the property, including interior improvements, a new roof and significant improvements to the site (replacement of the chain link fence, repairing and refreshing the building envelope, repaving the parking lot and removing the remains of an old guard booth).

Financing Plan:

UHC has requested an allocation from the City's Affordable Housing Funds of \$4,100,000 to assist with the acquisition and rehabilitation of the units. UHC has experience using both HOME funds and funds regulated by redevelopment law. Total project development costs are estimated at \$12.0 million. CHW will apply for non-competitive 4% tax credit for this project in Winter 2014/2015 in order to receive a commitment of leveraged funding before the June 30, 2015 HOME funds expiration date. If approved, this allocation of funds will provide a total subsidy of approximately \$93,000 per unit. A copy of the KMA analysis of their proforma is included as Attachment C.

Planning and Affordability Analysis:

The site has a General Plan designation of Urban II allowing for multi-family residential up to 12 units per acre. This project will not add any new units to the project. It will address the City Council Action Plan's Neighborhood Improvement priority by upgrading an aging property. The development will be regulated by requirements set forth in the City's loan documents restricting affordability for 55 years.

An allocation of Affordable Housing funds for acquisition and rehabilitation is recommended based on the strength of the proposal submitted. This project will rehabilitate a blighted property and ensure maintenance and affordability for 55 years in an area of town that does not have many affordable housing options.

Recommendation: approval of an allocation of Affordable Housing Funds (HOME and SHA funds) funds in the amount not to exceed \$4,100,000 (Attachment D).

DISCUSSION OF THIRD-HIGHEST SCORING PROPOSAL:

Developer: Solutions for Change with Hitzke Development Corporation (Solutions)

The mission of Solutions for Change is to provide a permanent solution to homelessness for children and families and to solve family homelessness. The Solutions Family Center in Vista provides housing and a variety of educational and work training opportunities for families during their

first 500 days at the Solutions University. Historically, 18% of the families come from Escondido. The proposed new project will build upon the Solutions University network by allowing its tenants access to a robust menu of service options and resources which will include intensive coaching, intervention assistance, youth development solutions and a continuing case plan with behavioral health, employment-related training and educational goals, family-oriented recreation and community activities, life skills instruction, and child care programs.

On November 6, 2013, City Council approved the commitment of \$2,100,000 in HOME and HOME/CHDO funds for the redevelopment of a blighted site at 1560-1574 South Escondido Boulevard, in District 4, involving a previously approved 24-unit multi-family Planned Development that was not constructed. The site currently includes an abandoned commercial structure and an occupied triplex. Solutions has purchased the property which, in the past, had suffered from absentee ownership. The project applied for competitive 9% tax credit in March and June of 2014; tax credits have not been awarded and final commitment of HOME funds cannot be made.

Solutions approached the City with a proposal to modify the project by increasing the number of units from 24 to 32 and requested an additional \$1,000,000 for the project. However, re-entitling the project involves modifying the previously approved Planned Development including Planning Commission and City Council public hearings, which could not occur in time for meeting the March 2015 competitive 9% tax credit filing deadlines; consequently, the project will not have committed leveraged funds by June 30, 2015. Staff feels that this project will benefit the community and met with Solutions staff to discuss alternative funding approaches. A conditional commitment of future SHA (specifically ERAF payments) and funds held at the San Diego Foundation as proposed would allow the developer to explore the best design for the project and multiple financing schemes.

The site is in the South Escondido Boulevard/Felicita Avenue Target area and has a General Plan designation of General Commercial with a Mixed-Use Overlay allowing for minimum of 30 units per acre. Revitalization and redevelopment are overall objectives for the City of Escondido within the South Escondido Boulevard Corridor area. The City has received a grant from the Strategic Growth Council to update the area plan focusing on smart growth principles including promoting increased density and intensity near transit, encouraging façade improvements, property revitalization, opportunities for increasing employment densities and improving the jobs/housing balance.

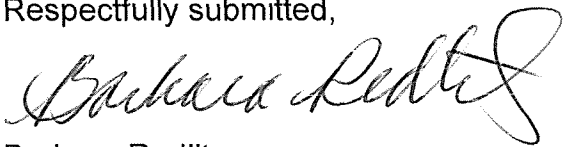
On May 26, 2010, City Council adopted Resolution No. 2010-86 approving a Master and Precise Development Plan for 22 residential units and two live-work units on approximately one acre of land within the General Commercial Zone and South Escondido Boulevard Neighborhood Plan. The project includes the demolition of three older structures on the site that have been determined not to be significant historic resources. The design and re-entitlement of this site for 32 units would align the development with the plans for the area.

Total project development costs for a 32-unit complex are projected to reach \$12.5 million. Solutions plans to apply for competitive 9% tax credit to fund the project. Solutions is also considering a plan for a 40-unit complex which may make it eligible for the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) program funded by the state's Cap-and-Trade revenues. If eligible, the City and Solutions would make a joint application to the Strategic Growth Council for AHSC funding for the project. Once the final project is determined, KMA will analyze the proforma as part of the development of an Affordable Housing Agreement.

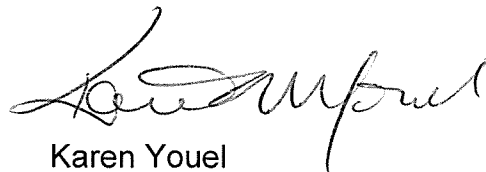
Recommendation:

- conditional commitment for a loan of \$2,100,000 in future ERAF payments to the City anticipated in FY 2015-16 and FY 2016-17 based on receipt of funds and developer meeting predevelopment milestones; and
- approval of ENA (substantially similar to Attachment E) with \$150,000 in predevelopment funds (to include the demolition of the blighted commercial property) available for use during the ENA period

Respectfully submitted,



Barbara Redlitz
Director of Community Development



Karen Youel
Management Analyst

ATTACHMENT "A"

Community HousingWorks

4% Tax Credits

Acquisition/Rehabilitation

COMMUNITY HOUSINGWORKS

TABLE 1

PROJECT DESCRIPTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO

4% Tax Credits
 Acquisition/Rehabilitation

I. Project Address	260 N. Midway Drive		
II. Site Area	11.43 Acres		
III. Gross Building Area			
Net Residential Area	184,000 SF	98%	
Community Room/Office	<u>2,900</u> SF	<u>2%</u>	
Total Gross Building Area (GBA)	186,900 SF	100%	
IV. Number of Stories	2 Stories		
V. Construction Type	Type V		
VI. Unit Mix	<u>Number of Units</u>		<u>Unit Size</u>
One Bedroom	50 Units	25%	700 SF
Two Bedroom	100 Units	50%	915 SF (1)
Three Bedroom	<u>50</u> Units	<u>25%</u>	<u>1,150</u> SF
Total	200 Units	100%	920 SF
VII. Density	17.5 Units/Acre		
VIII. Affordability Mix			
Units @ 50% of AMI	20 Units	10%	
Units @ 60% of AMI	178 Units	89%	
Manager	<u>2</u> Units	<u>1%</u>	
Total/Average	200 Units	100%	
Average Affordability (excl. Manager units)	59% of AMI		
IX. Parking	Surface/Carport		
Parking Spaces	420 Spaces		
Parking Ratio	2.10 Spaces/Unit		

(1) Reflects average unit size.

COMMUNITY HOUSINGWORKS

TABLE 2

**ESTIMATED DEVELOPMENT COSTS
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs (1)			
Off-Site Improvements (2)	\$0	\$0	\$0 Per SF Site
Demolition	\$0	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$0	\$0	\$0 Per SF Site
Parking	\$0	\$0	\$0 Per Space
Rehabilitation	\$5,454,546	\$27,273	\$29 Per SF GBA
FF&E/Amenities	\$30,000	\$150	Allowance
Contingency	<u>\$545,455</u>	<u>\$2,727</u>	9.9% of Directs
Total Direct Costs	\$6,030,001	\$30,150	\$32 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$243,500	\$1,218	4.0% of Directs
Permits & Fees (2)	\$40,000	\$200	\$0 Per SF GBA
Legal & Accounting	\$91,500	\$458	1.5% of Directs
Taxes & Insurance	\$67,000	\$335	1.1% of Directs
Developer Fee	\$2,500,000	\$12,500	41.5% of Directs
Marketing/Lease-Up	\$91,000	\$455	Allowance
Contingency	<u>\$75,090</u>	<u>\$375</u>	2.5% of Indirects
Total Indirect Costs	\$3,108,090	\$15,540	51.5% of Directs
III. Financing Costs			
Loan Fees	\$1,017,370	\$5,087	16.9% of Directs
Interest During Construction	\$1,290,227	\$6,451	21.4% of Directs
Interest During Lease-Up	\$0	\$0	0.0% of Directs
Title/Recording/Escrow	\$40,480	\$202	0.7% of Directs
TCAC/Syndication Fees	\$277,696	\$1,388	4.6% of Directs
Operating Lease-Up/Reserves	<u>\$755,313</u>	<u>\$3,777</u>	12.5% of Directs
Total Financing Costs	\$3,381,086	\$16,905	56.1% of Directs
IV. Total Costs without Acquisition	\$12,519,177	\$62,600	\$67 Per SF GBA
V. Acquisition Costs (3)	\$25,800,000	\$129,000	\$138 Per SF GBA
VI. Relocation Costs	<u>\$525,000</u>	<u>\$2,625</u>	\$1 Per SF Site
VII. Total Costs with Acquisition	\$38,844,177	\$194,200	\$208 Per SF GBA
Or Say (Rounded)	\$38,844,000		

(1) Does not assume payment of prevailing wages.

(2) Per Developer; not verified by KMA or City.

(3) Pending verification from Purchase and Sale Agreement, executed August 25, 2014.

COMMUNITY HOUSINGWORKS

TABLE 3

**NET OPERATING INCOME
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

	# of		Total
I. Gross Scheduled Income	Units	\$/Month	Annual
One Bedroom @ 50% AMI - HOME	1	\$713	\$8,556
One Bedroom @ 50% AMI	4	\$713	\$34,224
One Bedroom @ 60 AMI - HOME	2	\$861	\$20,664
One Bedroom @ 60% AMI	43	\$861	\$444,276
Two Bedroom @ 50% AMI - HOME	1	\$853	\$10,236
Two Bedroom @ 50% AMI	9	\$853	\$92,124
Two Bedroom @ 60 AMI - HOME	4	\$1,031	\$49,488
Two Bedroom @ 60% AMI	84	\$1,031	\$1,039,248
Two Bedroom Manager	2	\$1,500	\$36,000
Three Bedroom @ 50% AMI	5	\$983	\$58,980
Three Bedroom @ 60 AMI - HOME	2	\$1,188	\$28,512
Three Bedroom @ 60% AMI	43	\$1,188	\$613,008
Total	200	\$1,015	\$2,435,316
Add: Other Income	\$40 /Unit/Month		<u>\$95,580</u>
Total Gross Scheduled Income (GSI)			\$2,530,896
II. Effective Gross Income (EGI)			
(Less) Vacancy	5.0% of GSI		<u>(\$126,545)</u>
Total Effective Gross Income (EGI)			\$2,404,351
III. Operating Expenses			
(Less) Operating Expenses	\$4,696 /Unit/Year		(\$939,276)
(Less) Services/Amenities (1)	\$0 /Unit/Year		\$0
(Less) Replacement Reserves	\$300 /Unit/Year		(\$60,000)
(Less) Property Taxes (2)	\$7 /Unit/Year		<u>(\$1,331)</u>
Total Expenses	\$5,003 /Unit/Year		(\$1,000,607)
	41.6% of EGI		
IV. Net Operating Income (NOI)			\$1,403,744
Or Say (Rounded)			\$1,404,000

(1) Developer pro forma shows resident services "below the line", i.e., after debt service payment.

(2) Assumes that the Project will receive tax-exempt status.

COMMUNITY HOUSINGWORKS**TABLE 4****FINANCING DEFICIT
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO****4% Tax Credits
Acquisition/Rehabilitation**

	<u>Total</u>	<u>Per Unit</u>
I. Sources of Funds		
Permanent Loan (1)	\$19,210,000	\$96,100
Market Value of Tax Credits (2)	\$12,805,000	\$64,000
Deferred Developer Fee (3)	\$2,000,000	\$10,000
Income During Construction/Lease-Up	\$1,796,000	\$9,000
Poway Villas Community Housing Association Loan	\$1,866,000	\$9,300
Accrued Interest on Soft Debt	\$67,000	\$300
Refunds	<u>\$100,000</u>	<u>\$500</u>
Total Sources of Funds	\$37,844,000	\$189,200
II. (Less) Development Costs	<u>(\$38,844,000)</u>	<u>(\$194,200)</u>
III. Financing Deficit	(\$1,000,000)	(\$5,000)

COMMUNITY HOUSINGWORKS

TABLE 4 (CONT'D.)

**FINANCING DEFICIT
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

(1) Supportable Debt

Net Operating Income (NOI)	\$1,403,744
Interest Rate	4.88%
Term (in years)	30
Debt Coverage Ratio	1.15
Annual Debt Service	\$1,220,630
Supportable Debt	\$19,210,000

(2) Low Income Housing Tax Credits (Federal)

Estimate of Eligible Basis:

Total Development Costs	\$38,844,000
(Less) Ineligible Costs	11% <u>(\$4,103,509)</u>
Eligible Basis	\$34,740,491
Acquisition Basis	\$25,836,789
Rehabilitation Basis	<u>\$8,903,702</u>
Total	\$34,740,491

Tax Credit Proceeds:

Maximum Eligible Basis	\$34,740,491
Acquisition Basis/Applicable Factor	100.0% \$25,836,789
Impacted Bonus Factor (Rehabilitation Basis)	130.0% <u>\$11,574,813</u>
Total Qualified Basis	\$37,411,602
Tax Credit Rate @	3.26% \$1,219,618
Total Tax Credits @	10 \$12,196,182
Limited Partner Share	100.0% \$12,194,963
Present Market Value @	105.0% \$12,804,711

(3) Estimate of Deferred Developer Overhead Fee

Eligible Basis	\$34,740,491
(Less) Developer Fee	<u>(\$2,500,000)</u>
Unadjusted Eligible Basis	\$32,240,491
Total Developer Overhead Fee	7.8% \$2,500,000
Developer Overhead Fee	\$2,500,000
Total Deferred Developer Overhead Fee	80.0% \$2,000,000

TABLE 5

COMMUNITY HOUSINGWORKS

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO4% Tax Credits
Acquisition/Rehabilitation

	1	2	3	4	5	6	7	8	9
I. Gross Scheduled Income (GSI)	\$2,530,896	\$2,594,168	\$2,659,023	\$2,725,498	\$2,793,636	\$2,863,477	\$2,935,063	\$3,008,440	\$3,083,651
(Less) Vacancy	<u>(\$126,545)</u>	<u>(\$129,709)</u>	<u>(\$132,951)</u>	<u>(\$136,275)</u>	<u>(\$139,682)</u>	<u>(\$143,174)</u>	<u>(\$146,753)</u>	<u>(\$150,422)</u>	<u>(\$154,183)</u>
II. Effective Gross Income (EGI)	\$2,404,351	\$2,464,460	\$2,526,071	\$2,589,223	\$2,653,954	\$2,720,302	\$2,788,310	\$2,858,018	\$2,929,468
(Less) Operating Expenses	<u>(\$1,000,607)</u>	<u>(\$1,033,508)</u>	<u>(\$1,067,561)</u>	<u>(\$1,102,805)</u>	<u>(\$1,139,282)</u>	<u>(\$1,177,035)</u>	<u>(\$1,216,109)</u>	<u>(\$1,256,550)</u>	<u>(\$1,298,407)</u>
III. Net Operating Income	\$1,403,744	\$1,430,951	\$1,458,511	\$1,486,418	\$1,514,672	\$1,543,268	\$1,572,201	\$1,601,468	\$1,631,062
(Less) Debt Service	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>
IV. Project Cash Flow	\$183,114	\$210,321	\$237,881	\$265,788	\$294,042	\$322,638	\$351,571	\$380,838	\$410,432
V. (Less) Limited Partner Asset Mgmt. Fee	<u>(\$7,500)</u>	<u>(\$7,763)</u>	<u>(\$8,034)</u>	<u>(\$8,315)</u>	<u>(\$8,606)</u>	<u>(\$8,908)</u>	<u>(\$9,219)</u>	<u>(\$9,542)</u>	<u>(\$9,876)</u>
(Less) General Partner Asset Mgmt. Fee	<u>(\$25,000)</u>	<u>(\$25,875)</u>	<u>(\$26,781)</u>	<u>(\$27,718)</u>	<u>(\$28,688)</u>	<u>(\$29,692)</u>	<u>(\$30,731)</u>	<u>(\$31,807)</u>	<u>(\$32,920)</u>
(Less) Resident Services	<u>(\$32,500)</u>	<u>(\$33,638)</u>	<u>(\$34,815)</u>	<u>(\$36,033)</u>	<u>(\$37,294)</u>	<u>(\$38,600)</u>	<u>(\$39,951)</u>	<u>(\$41,349)</u>	<u>(\$42,796)</u>
Total Asset Management Fees	<u>(\$65,000)</u>	<u>(\$67,275)</u>	<u>(\$69,630)</u>	<u>(\$72,067)</u>	<u>(\$74,589)</u>	<u>(\$77,200)</u>	<u>(\$79,902)</u>	<u>(\$82,698)</u>	<u>(\$85,593)</u>
VI. Total Cash Flow	\$118,114	\$143,046	\$168,251	\$193,722	\$219,453	\$245,438	\$271,669	\$298,139	\$324,839
VII. Developer Fee Repayment									
Beginning Balance	<u>\$2,000,000</u>	\$1,939,686	\$1,852,696	\$1,737,988	\$1,594,494	\$1,421,122	\$1,216,755	\$980,249	\$710,439
Interest (1)	<u>\$57,800</u>	<u>\$56,057</u>	<u>\$53,543</u>	<u>\$50,228</u>	<u>\$46,081</u>	<u>\$41,070</u>	<u>\$35,164</u>	<u>\$28,329</u>	<u>\$20,532</u>
(Less) Cash Flow Credit	<u>(\$118,114)</u>	<u>(\$143,046)</u>	<u>(\$168,251)</u>	<u>(\$193,722)</u>	<u>(\$219,453)</u>	<u>(\$245,438)</u>	<u>(\$271,669)</u>	<u>(\$298,139)</u>	<u>(\$324,839)</u>
Ending Balance	\$1,939,686	\$1,852,696	\$1,737,988	\$1,594,494	\$1,421,122	\$1,216,755	\$980,249	\$710,439	\$406,132
VIII. Cash Flow for Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IX. Poway Villas Community Housing Association									
Beginning Balance	<u>\$1,865,609</u>	\$1,921,577	\$1,977,546	\$2,033,514	\$2,089,482	\$2,145,450	\$2,201,419	\$2,257,387	\$2,313,355
Interest	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>	<u>\$55,968</u>
(Less) Cash Flow Credit of	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Ending Balance	\$1,921,577	\$1,977,546	\$2,033,514	\$2,089,482	\$2,145,450	\$2,201,419	\$2,257,387	\$2,313,355	\$2,369,323
X. City of Escondido									
Beginning Balance	<u>\$1,000,000</u>	\$1,030,000	\$1,060,000	\$1,090,000	\$1,120,000	\$1,150,000	\$1,180,000	\$1,210,000	\$1,240,000
Interest	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
(Less) Cash Flow Credit of	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Ending Balance	\$1,030,000	\$1,060,000	\$1,090,000	\$1,120,000	\$1,150,000	\$1,180,000	\$1,210,000	\$1,240,000	\$1,270,000

Escalation Assumptions:

Rental Income	2.5%
Operating Expenses	3.5%
Services/Amenities	3.0%
Replacement Reserves	0.0%
Property Taxes	2.0%

Cash Flow Distribution*:

	Years 1-17	Years 18-55 **
Developer	90.0%	80.0%
City	10.0%	20.0%
Total	100.0%	100.0%

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.* After repayment of deferred developer fee.
** City's share of residual receipts begins after
Poway Villas CHA Loan is repaid.

TABLE 5

COMMUNITY HOUSINGWORKS

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO4% Tax Credits
Acquisition/Rehabilitation

		10	11	12	13	14	15	16	17	18
I.	Gross Scheduled Income (GSI)	\$3,160,742	\$3,239,761	\$3,320,755	\$3,403,774	\$3,488,868	\$3,576,090	\$3,665,492	\$3,757,129	\$3,851,058
	(Less) Vacancy	5.0%	(\$161,988)	(\$166,038)	(\$170,189)	(\$174,444)	(\$178,805)	(\$183,275)	(\$187,857)	(\$192,553)
II.	Effective Gross Income (EGI)	\$3,002,705	\$3,077,773	\$3,154,717	\$3,233,585	\$3,314,424	\$3,397,285	\$3,482,217	\$3,569,273	\$3,658,504
	(Less) Operating Expenses	(\$1,341,727)	(\$1,386,564)	(\$1,432,969)	(\$1,480,999)	(\$1,530,708)	(\$1,582,157)	(\$1,635,406)	(\$1,690,519)	(\$1,747,559)
III.	Net Operating Income	\$1,660,977	\$1,691,209	\$1,721,747	\$1,752,586	\$1,783,716	\$1,815,128	\$1,846,811	\$1,878,754	\$1,910,945
	(Less) Debt Service	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)	(\$1,220,630)
IV.	Project Cash Flow	\$440,347	\$470,579	\$501,117	\$531,956	\$563,086	\$594,498	\$626,181	\$658,124	\$690,315
V.	(Less) Limited Partner Asset Mgmt. Fee	3.5%	(\$10,579)	(\$10,950)	(\$11,333)	(\$11,730)	(\$12,140)	\$0	\$0	\$0
	(Less) General Partner Asset Mgmt. Fee	3.5%	(\$35,265)	(\$36,499)	(\$37,777)	(\$39,099)	(\$40,467)	(\$41,884)	(\$43,350)	(\$44,867)
	(Less) Resident Services	(\$44,294)	(\$45,844)	(\$47,449)	(\$49,110)	(\$50,829)	(\$52,608)	(\$54,449)	(\$56,355)	(\$58,327)
	Total Asset Management Fees	(\$88,588)	(\$91,689)	(\$94,898)	(\$98,219)	(\$101,657)	(\$105,215)	(\$96,333)	(\$99,704)	(\$103,194)
VI.	Total Cash Flow	\$351,759	\$378,890	\$406,219	\$433,737	\$461,429	\$489,283	\$529,848	\$558,420	\$587,121
VII.	Developer Fee Repayment									
	Beginning Balance	\$406,132	\$66,110							
	Interest (1)	\$11,737	\$1,911							
	(Less) Cash Flow Credit	(\$351,759)	(\$68,020)							
	Ending Balance	\$66,110	\$0							
VIII.	Cash Flow for Distribution	\$0	\$310,869	\$406,219	\$433,737	\$461,429	\$489,283	\$529,848	\$558,420	\$587,121
IX.	Poway Villas Community Housing Association									
	Beginning Balance	\$2,369,323	\$2,425,292	\$2,201,478	\$1,891,849	\$1,557,454	\$1,188,891	\$784,203	\$330,866	
	Interest	\$55,968	\$55,968	\$55,968	\$55,968	\$46,724	\$35,667	\$23,526	\$9,926	
	(Less) Cash Flow Credit of	\$0	(\$279,782)	(\$365,597)	(\$390,363)	(\$415,286)	(\$440,354)	(\$476,863)	(\$340,792)	
	Ending Balance	\$2,425,292	\$2,201,478	\$1,891,849	\$1,557,454	\$1,188,891	\$784,203	\$330,866	\$0	
X.	City of Escondido									
	Beginning Balance	\$1,270,000	\$1,300,000	\$1,298,913	\$1,288,291	\$1,274,917	\$1,258,775	\$1,239,846	\$1,216,861	\$1,135,178
	Interest	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
	(Less) Cash Flow Credit of	\$0	(\$31,087)	(\$40,622)	(\$43,374)	(\$46,143)	(\$48,928)	(\$52,985)	(\$511,684)	(\$117,424)
	Ending Balance	\$1,300,000	\$1,298,913	\$1,288,291	\$1,274,917	\$1,258,775	\$1,239,846	\$1,216,861	\$1,135,178	\$1,047,753

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.

TABLE 5

COMMUNITY HOUSINGWORKS

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO4% Tax Credits
Acquisition/Rehabilitation

	19	20	21	22	23	24	25	26	27	28
I. Gross Scheduled Income (GSI)	\$3,947,334	\$4,046,017	\$4,147,168	\$4,250,847	\$4,357,118	\$4,466,046	\$4,577,697	\$4,692,140	\$4,809,443	\$4,929,679
(Less) Vacancy	<u>(\$197,367)</u>	<u>(\$202,301)</u>	<u>(\$207,359)</u>	<u>(\$212,543)</u>	<u>(\$217,856)</u>	<u>(\$223,303)</u>	<u>(\$228,885)</u>	<u>(\$234,607)</u>	<u>(\$240,473)</u>	<u>(\$246,484)</u>
5.0%										
II. Effective Gross Income (EGI)	\$3,749,967	\$3,843,716	\$3,939,809	\$4,038,304	\$4,139,262	\$4,242,743	\$4,348,812	\$4,457,532	\$4,568,971	\$4,683,195
(Less) Operating Expenses	<u>(\$1,806,596)</u>	<u>(\$1,867,698)</u>	<u>(\$1,930,939)</u>	<u>(\$1,996,392)</u>	<u>(\$2,064,135)</u>	<u>(\$2,134,249)</u>	<u>(\$2,206,816)</u>	<u>(\$2,281,923)</u>	<u>(\$2,359,657)</u>	<u>(\$2,440,112)</u>
III. Net Operating Income	\$1,943,371	\$1,976,018	\$2,008,870	\$2,041,912	\$2,075,127	\$2,108,494	\$2,141,996	\$2,175,609	\$2,209,313	\$2,243,083
(Less) Debt Service	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>
IV. Project Cash Flow	\$722,741	\$755,388	\$788,240	\$821,282	\$854,497	\$887,864	\$921,366	\$954,979	\$988,683	\$1,022,453
V. (Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.5%										
(Less) General Partner Asset Mgmt. Fee	<u>(\$46,437)</u>	<u>(\$48,063)</u>	<u>(\$49,745)</u>	<u>(\$51,486)</u>	<u>(\$53,288)</u>	<u>(\$55,153)</u>	<u>(\$57,083)</u>	<u>(\$59,081)</u>	<u>(\$61,149)</u>	<u>(\$63,289)</u>
3.5%										
(Less) Resident Services	<u>(\$60,368)</u>	<u>(\$62,481)</u>	<u>(\$64,668)</u>	<u>(\$66,932)</u>	<u>(\$69,274)</u>	<u>(\$71,699)</u>	<u>(\$74,208)</u>	<u>(\$76,805)</u>	<u>(\$79,494)</u>	<u>(\$82,276)</u>
Total Asset Management Fees	<u>(\$106,806)</u>	<u>(\$110,544)</u>	<u>(\$114,413)</u>	<u>(\$118,417)</u>	<u>(\$122,562)</u>	<u>(\$126,852)</u>	<u>(\$131,291)</u>	<u>(\$135,887)</u>	<u>(\$140,643)</u>	<u>(\$145,565)</u>
VI. Total Cash Flow	\$615,935	\$644,844	\$673,827	\$702,865	\$731,935	\$761,013	\$790,074	\$819,093	\$848,041	\$876,888
VII. <u>Developer Fee Repayment</u>										
Beginning Balance										
Interest (1)										
2.89%										
(Less) Cash Flow Credit										
Ending Balance										
VIII. Cash Flow for Distribution	\$615,935	\$644,844	\$673,827	\$702,865	\$731,935	\$761,013	\$790,074	\$819,093	\$848,041	\$876,888
IX. <u>Poway Villas Community Housing Association</u>										
Beginning Balance										
Interest										
3.00%										
(Less) Cash Flow Credit of										
Ending Balance										
X. <u>City of Escondido</u>										
Beginning Balance										
Interest	\$1,047,753	\$954,566	\$854,234	\$745,096	\$626,876	\$499,295	\$362,071	\$214,919	\$57,548	
3.00%										
(Less) Cash Flow Credit of	<u>\$30,000</u>	<u>\$28,637</u>	<u>\$25,627</u>	<u>\$22,353</u>	<u>\$18,806</u>	<u>\$14,979</u>	<u>\$10,862</u>	<u>\$6,448</u>	<u>\$1,726</u>	
Ending Balance	<u>(\$123,187)</u>	<u>(\$128,969)</u>	<u>(\$134,765)</u>	<u>(\$140,573)</u>	<u>(\$146,387)</u>	<u>(\$152,203)</u>	<u>(\$158,015)</u>	<u>(\$163,819)</u>	<u>(\$59,274)</u>	\$0
	\$954,566	\$854,234	\$745,096	\$626,876	\$499,295	\$362,071	\$214,919	\$57,548		

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.

TABLE 5

COMMUNITY HOUSINGWORKS

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO4% Tax Credits
Acquisition/Rehabilitation

		29	30	31	32	33	34	35	36	37	38
I.	Gross Scheduled Income (GSI)	\$5,052,921	\$5,179,244	\$5,308,725	\$5,441,444	\$5,577,480	\$5,716,917	\$5,859,840	\$6,006,336	\$6,156,494	\$6,310,406
	(Less) Vacancy	<u>(\$252,646)</u>	<u>(\$258,963)</u>	<u>(\$265,437)</u>	<u>(\$272,073)</u>	<u>(\$278,874)</u>	<u>(\$285,846)</u>	<u>(\$292,992)</u>	<u>(\$300,317)</u>	<u>(\$307,825)</u>	<u>(\$315,521)</u>
II.	Effective Gross Income (EGI)	\$4,800,275	\$4,920,282	\$5,043,289	\$5,169,371	\$5,298,605	\$5,431,070	\$5,566,847	\$5,706,018	\$5,848,669	\$5,994,885
	(Less) Operating Expenses	<u>(\$2,523,382)</u>	<u>(\$2,609,566)</u>	<u>(\$2,698,765)</u>	<u>(\$2,791,085)</u>	<u>(\$2,886,637)</u>	<u>(\$2,985,531)</u>	<u>(\$3,087,886)</u>	<u>(\$3,193,823)</u>	<u>(\$3,303,467)</u>	<u>(\$3,416,948)</u>
III.	Net Operating Income	\$2,276,893	\$2,310,716	\$2,344,524	\$2,378,285	\$2,411,969	\$2,445,539	\$2,478,961	\$2,512,195	\$2,545,201	\$2,577,938
	(Less) Debt Service	<u>(\$1,220,630)</u>	<u>(\$1,220,630)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
IV.	Project Cash Flow	\$1,056,263	\$1,090,086	\$2,344,524	\$2,378,285	\$2,411,969	\$2,445,539	\$2,478,961	\$2,512,195	\$2,545,201	\$2,577,938
V.	(Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	(Less) General Partner Asset Mgmt. Fee	<u>(\$65,504)</u>	<u>(\$67,797)</u>	<u>(\$70,170)</u>	<u>(\$72,626)</u>	<u>(\$75,168)</u>	<u>(\$77,799)</u>	<u>(\$80,522)</u>	<u>(\$83,340)</u>	<u>(\$86,257)</u>	<u>(\$89,276)</u>
	(Less) Resident Services	<u>(\$85,156)</u>	<u>(\$88,136)</u>	<u>(\$91,221)</u>	<u>(\$94,414)</u>	<u>(\$97,718)</u>	<u>(\$101,138)</u>	<u>(\$104,678)</u>	<u>(\$108,342)</u>	<u>(\$112,134)</u>	<u>(\$116,058)</u>
	Total Asset Management Fees	<u>(\$150,660)</u>	<u>(\$155,933)</u>	<u>(\$161,391)</u>	<u>(\$167,039)</u>	<u>(\$172,886)</u>	<u>(\$178,937)</u>	<u>(\$185,199)</u>	<u>(\$191,681)</u>	<u>(\$198,390)</u>	<u>(\$205,334)</u>
VI.	Total Cash Flow	\$905,603	\$934,153	\$2,183,133	\$2,211,246	\$2,239,083	\$2,266,602	\$2,293,761	\$2,320,513	\$2,346,811	\$2,372,604
VII.	<u>Developer Fee Repayment</u>										
	Beginning Balance										
	Interest (1)										
	(Less) Cash Flow Credit										
	Ending Balance										
VIII.	Cash Flow for Distribution	\$905,603	\$934,153	\$2,183,133	\$2,211,246	\$2,239,083	\$2,266,602	\$2,293,761	\$2,320,513	\$2,346,811	\$2,372,604
IX.	<u>Poway Villas Community Housing Association</u>										
	Beginning Balance										
	Interest										
	(Less) Cash Flow Credit of										
	Ending Balance										
X.	<u>City of Escondido</u>										
	Beginning Balance										
	Interest										
	(Less) Cash Flow Credit of										
	Ending Balance										

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.

TABLE 5

COMMUNITY HOUSINGWORKS

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO4% Tax Credits
Acquisition/Rehabilitation

		39	40	41	42	43	44	45	46	47	48
I.	Gross Scheduled Income (GSI)	\$6,468,166	\$6,629,871	\$6,795,617	\$6,965,508	\$7,139,645	\$7,318,137	\$7,501,090	\$7,688,617	\$7,880,833	\$8,077,854
	(Less) Vacancy	(\$323,409)	(\$331,494)	(\$339,781)	(\$348,276)	(\$356,983)	(\$365,907)	(\$375,055)	(\$384,431)	(\$394,042)	(\$403,893)
II.	Effective Gross Income (EGI)	\$6,144,758	\$6,298,377	\$6,455,836	\$6,617,232	\$6,782,663	\$6,952,229	\$7,126,035	\$7,304,186	\$7,486,790	\$7,673,960
	(Less) Operating Expenses	(\$3,534,400)	(\$3,655,961)	(\$3,781,777)	(\$3,911,995)	(\$4,046,769)	(\$4,186,261)	(\$4,330,633)	(\$4,480,057)	(\$4,634,711)	(\$4,794,776)
III.	Net Operating Income	\$2,610,358	\$2,642,415	\$2,674,059	\$2,705,237	\$2,735,893	\$2,765,969	\$2,795,402	\$2,824,128	\$2,852,080	\$2,879,184
	(Less) Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IV.	Project Cash Flow	\$2,610,358	\$2,642,415	\$2,674,059	\$2,705,237	\$2,735,893	\$2,765,969	\$2,795,402	\$2,824,128	\$2,852,080	\$2,879,184
V.	(Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	(Less) General Partner Asset Mgmt. Fee	(\$92,400)	(\$95,634)	(\$98,981)	(\$102,446)	(\$106,031)	(\$109,743)	(\$113,584)	(\$117,559)	(\$121,674)	(\$125,932)
	(Less) Resident Services	(\$120,120)	(\$124,325)	(\$128,676)	(\$133,180)	(\$137,841)	(\$142,665)	(\$147,659)	(\$152,827)	(\$158,176)	(\$163,712)
	Total Asset Management Fees	(\$212,521)	(\$219,959)	(\$227,657)	(\$235,625)	(\$243,872)	(\$252,408)	(\$261,242)	(\$270,386)	(\$279,849)	(\$289,644)
VI.	Total Cash Flow	\$2,397,837	\$2,422,457	\$2,446,402	\$2,469,612	\$2,492,021	\$2,513,561	\$2,534,160	\$2,553,743	\$2,572,231	\$2,589,540

VII. Developer Fee Repayment

Beginning Balance	
Interest (1)	2.89%
(Less) Cash Flow Credit	
Ending Balance	

VIII.	Cash Flow for Distribution	\$2,397,837	\$2,422,457	\$2,446,402	\$2,469,612	\$2,492,021	\$2,513,561	\$2,534,160	\$2,553,743	\$2,572,231	\$2,589,540
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IX. Poway Villas Community Housing Association

Beginning Balance	
Interest	3.00%
(Less) Cash Flow Credit of	
Ending Balance	

X. City of Escondido

Beginning Balance	
Interest	3.00%
(Less) Cash Flow Credit of	
Ending Balance	

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.

TABLE 5

CASH FLOW PROJECTION
CYPRESS COVE APARTMENTS
CITY OF ESCONDIDO

COMMUNITY HOUSINGWORKS

4% Tax Credits
Acquisition/Rehabilitation

		<u>49</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>54</u>	<u>55</u>
I.	Gross Scheduled Income (GSI)	\$8,279,800	\$8,486,795	\$8,698,965	\$8,916,439	\$9,139,350	\$9,367,834	\$9,602,029
	(Less) Vacancy	<u>(\$413,991)</u>	<u>(\$424,340)</u>	<u>(\$434,949)</u>	<u>(\$445,823)</u>	<u>(\$456,968)</u>	<u>(\$468,392)</u>	<u>(\$480,102)</u>
	5.0%							
II.	Effective Gross Income (EGI)	\$7,865,809	\$8,062,454	\$8,264,016	\$8,470,616	\$8,682,382	\$8,899,441	\$9,121,927
	(Less) Operating Expenses	<u>(\$4,960,442)</u>	<u>(\$5,131,906)</u>	<u>(\$5,309,370)</u>	<u>(\$5,493,044)</u>	<u>(\$5,683,146)</u>	<u>(\$5,879,900)</u>	<u>(\$6,083,540)</u>
III.	Net Operating Income	\$2,905,367	\$2,930,548	\$2,954,646	\$2,977,572	\$2,999,235	\$3,019,541	\$3,038,387
	(Less) Debt Service	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
IV.	Project Cash Flow	\$2,905,367	\$2,930,548	\$2,954,646	\$2,977,572	\$2,999,235	\$3,019,541	\$3,038,387
V.	(Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	3.5%							
	(Less) General Partner Asset Mgmt. Fee	<u>(\$130,340)</u>	<u>(\$134,902)</u>	<u>(\$139,623)</u>	<u>(\$144,510)</u>	<u>(\$149,568)</u>	<u>(\$154,803)</u>	<u>(\$160,221)</u>
	3.5%							
	(Less) Resident Services	<u>(\$169,442)</u>	<u>(\$175,372)</u>	<u>(\$181,510)</u>	<u>(\$187,863)</u>	<u>(\$194,438)</u>	<u>(\$201,244)</u>	<u>(\$208,287)</u>
	Total Asset Management Fees	<u>(\$299,781)</u>	<u>(\$310,274)</u>	<u>(\$321,133)</u>	<u>(\$332,373)</u>	<u>(\$344,006)</u>	<u>(\$356,046)</u>	<u>(\$368,508)</u>
VI.	Total Cash Flow	\$2,605,585	\$2,620,274	\$2,633,512	\$2,645,199	\$2,655,229	\$2,663,494	\$2,669,879
VII.	<u>Developer Fee Repayment</u>							
	Beginning Balance							
	Interest (1)							
	2.89%							
	(Less) Cash Flow Credit							
	Ending Balance							
VIII.	Cash Flow for Distribution	\$2,605,585	\$2,620,274	\$2,633,512	\$2,645,199	\$2,655,229	\$2,663,494	\$2,669,879
IX.	<u>Poway Villas Community Housing Association</u>							
	Beginning Balance							
	Interest							
	3.00%							
	(Less) Cash Flow Credit of							
	Ending Balance							
X.	<u>City of Escondido</u>							
	Beginning Balance							
	Interest							
	3.00%							
	(Less) Cash Flow Credit of							
	Ending Balance							

(1) Reflects long-term Applicable Federal Rate (October 2014),
per Internal Revenue Service.

ATTACHMENT B

Barbara J. Redlitz, AICP
Director of Community Development
Planning Division
201 North Broadway, Escondido, CA 92025
Phone: 760-839-4671 Fax: 760-839-4313

October 23, 2014

Ms. Sue Reynolds
Community HousingWorks
2815 Camino del Rio South, Suite 350
San Diego, CA 92108

RE: Commitment of HOME Funds in the Amount of \$1,000,000
Cypress Cove
260 North Midway Drive
Escondido, CA 92027

Dear Ms. Reynolds:

On behalf of the City of Escondido ("City"), I am informing you that on October 22, 2014, the City Council approved a commitment to make a loan of HOME Investment Partnership Program (HOME) funds in the amount of \$1,000,000 to Community HousingWorks, a California nonprofit benefit corporation (or an approved affiliate) ("Borrower"), for the acquisition and rehabilitation of 10 units of affordable rental housing ("Project") on the site generally described as Cypress Cove at 260 North Midway Drive, Escondido, CA 92027 via Council Resolution Number 2014-154. As noted below, this commitment is contingent on the Project being awarded 4% Low Income Housing Tax Credits, or other acceptable financing, and is subject to the terms and conditions set forth in this letter.

Unless otherwise agreed in writing by the City in its sole discretion, the City's approval of this financing commitment is subject to and contingent upon the following terms and conditions. This commitment will expire on June 30, 2015.

TERMS AND CONDITIONS

1. The Project will consist of the acquisition and rehabilitation of 10 units of rental housing within the 200 unit complex to be occupied by and restricted to Very Low Income (50% of Area Median Income or lower), and Low Income (60% of Area Median Income or lower) households at affordable rents (with the exception of one management unit), for at least 55 years. All of the units will be designated as HOME Program units and the rents on those units will be restricted in conformance with the Federal regulations governing the HOME Program.
2. This \$1,000,000 loan commitment is contingent upon Borrower receiving an allocation of 4% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("TCAC") by the May 2015 TCAC application cycle to finance the Project. Borrower may, with Housing staff approval, pursue other acceptable financing mechanisms. The permanent financing for the Project will be approximately as follows (these are current projections and are subject to change):

Sources of Permanent Funds:

Conventional Lender	\$19,220,000
City HOME funds	\$1,000,000
Deferred Developer Fee	\$2,000,000
General Partner Loan	\$1,856,295
Income From Operations	\$1,796,544
Accrued Interest on Soft Debt	\$67,126
Refunds	\$100,000
Four Percent Tax Credit Equity Investment	<u>\$12,804,805</u>
TOTAL SOURCES	\$38,844,770

3. The City loan will be in the original principal amount of \$1,000,000, with interest at three percent (3.00%) per annum from the date of disbursement. The term of the loan will be 55 years. Loan payments shall be payable exclusively from the City's share of annual residual receipts, net sales proceeds and net refinancing proceeds. The terms of the residual receipts obligation, including identification of all Borrower's obligations having a priority over the City's right to receive residual receipts, will be set forth in the Affordable Housing Loan Agreement ("Loan Agreement").
4. This commitment is based on Borrower's current estimates of total development costs as shown in Paragraph 2. Borrower shall be responsible, without cost to the City, for any additional sources of funds that may be needed to complete the Project.
5. This letter is not intended to describe all of the requirements, terms, conditions and documents necessary for the City loan. A Loan Agreement including the form of promissory note, deed of trust and related documents, will be prepared, and is subject to execution by Borrower prior to its acceptance by the City. The final form of the Loan Agreement approved by Borrower shall include all provisions and attachments customarily included in City loan agreements, including but not limited to conditions precedent to the disbursement of the City loan.
6. The Project shall be constructed in accordance with all applicable Federal, State and local laws, rules and regulations.
7. Borrower shall comply with State Prevailing Wage and/or Federal Davis-Bacon requirements, if applicable.
8. Borrower shall prepare and submit a Sources and Uses Project Budget for approval by the City as an attachment to the Loan Agreement. Line item estimates of the Uses of Funds shall be backed up by such documentation, including appraisals and construction cost estimates, as may reasonably be required by City staff. The final Sources and Uses of Funds for the Project shall be consistent with the Project Budget except as otherwise approved by City Staff. The City loan shall be disbursed to reimburse Borrower for

payment of costs in the Project Budget in accordance with disbursement procedures and requirements to be included in the Loan Agreement.

9. Borrower shall submit an audited cost certification following completion of construction and, for each year during the term of the City loan after the completion of construction, an annual audited income and expense statement, balance sheet and statement of all changes in financial position, signed by an authorized officer of Borrower.
10. The City loan will be evidenced by a non-recourse promissory note (subject to customary non-recourse carve-outs), and secured by a deed of trust and other customary loan documents, which shall be subordinated to senior construction and permanent loan deeds of trust, provided the senior lender(s) agree to provide City with reasonable notice and cure rights that protect the City's investment in the event of default by Borrower.
11. The City loan documents will contain provisions prohibiting the transfer of Borrower's interests in the site of the Project without the reasonable prior written consent of the City, the admittance and exit of a tax credit partner shall not require the written consent of the City.
12. The City loan documents will describe events of default which will permit the City, after notice and opportunity to cure, to pursue appropriate remedies, including acceleration of the City loan and foreclosure under the deed of trust. These events may include, but are not limited to, failure to complete the construction of the Project as required by the Loan Agreement.
13. At the closing, the City shall receive an ALTA lender's policy of title insurance, showing the City deed of trust junior in priority only to deeds of trust to which the City has agreed to subordinate its interests.
14. The Borrower shall obtain all land use entitlement, approvals, and permits necessary for the construction of the Project and shall pay all City fees in connections therewith.
15. The Borrower's architect and general contractor shall be subject to the reasonable approval of the City.
16. This conditional commitment allows for the commitment of funds or site approval to occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the US Department of Housing and Urban development under 24 CFR Part 58, the provision of any funds to the Project is conditioned on the City's determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review. Borrower must not undertake or unconditionally commit any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the

environmental clearance. A violation of this provision may result in the denial of any funds under this conditional commitment.

17. Borrower shall prepare and submit a scope of development for approval by the City as an attachment to the Loan Agreement. The City shall have the right to review and approve all design drawings and plans for the Project. All plans for the construction of the Project shall be subject to applicable City design review and approval procedures, and shall be consistent with the logical evolution of the scope of development, except as otherwise approved by the City.
18. Borrower shall prepare and submit a schedule of performance providing for the timely satisfaction of all conditions precedent to the closing and the timely commencement and completion of construction, for approval by the City as an attachment to the Loan Agreement. Except as otherwise approved by the City, failure to comply with the schedule of performance shall be a default under the terms of the Loan Agreement.
19. At the respective times provided in the schedule of performance, Borrower shall submit for approval by the City evidence of financing consistent with the Loan Agreement and sufficient to completely finance the acquisition of the site and construction of the Project.
20. At the closing for acquisition of the site, Borrower shall execute a Regulatory Agreement and Declaration of Covenants and Restrictions ("Regulatory Agreement"), restricting for at least 55 years the maximum income of tenants and the maximum rents that may be charged to tenants, which shall be recorded against Borrower's interest in the property. The Regulatory Agreement shall require City approvals of any housing management company and management plans relating to the management and operations of the Project.
21. Borrower shall indemnify and hold the City harmless for any costs relating to hazardous materials affecting the site. Prior to closing, Borrower shall submit to the City a Phase 1 Environmental Site Assessment and shall conduct such additional environmental testing as may be necessary to determine that hazardous materials are not present on the site, or that any hazardous materials on the site may be remediated without adversely affecting the feasibility of the Project. The Borrower shall execute an environmental indemnity in favor of the City similar to the form of the environmental indemnity used in other City transactions.
22. Borrower shall submit for City review and approval all corporate and partnership or limited liability formation documents for the partnership to be formed and its constituent general partners, certificates of good standing and/or other evidence of current authority for all such entities to conduct business within the State, agreements with the tax credit investor, and express partnership consents and corporate resolutions consenting to this transaction, as the City may determine to be applicable.

23. Prior to the closing of construction financing, Borrower shall submit evidence of insurance, evidence of financing commitments, copies of construction loan documents and such other documentation as required by the Loan Agreement.

If you have any questions, please don't hesitate to contact Karen Youel, Housing Management Analyst, at 760-839-4518 or by email at KYouel@escondido.org.

Sincerely,

Barbara Redlitz
Director of Community Development

Urban Housing Communities

4% Tax Credits

Acquisition/Rehabilitation

URBAN HOUSING COMMUNITIES

TABLE 1

PROJECT DESCRIPTION

CROSSINGS ON ESCONDIDO BOULEVARD

CITY OF ESCONDIDO

4% Tax Credits

Acquisition/Rehabilitation

I. Project Address	1150-1166 N. Escondido Blvd.		
II. Site Area	2.98 Acres		
III. Gross Building Area			
Net Residential Area	35,200 SF	88%	
Community Room	3,500 SF	9%	
Common Area	<u>1,161</u> SF	<u>3%</u>	
Total Gross Building Area (GBA)	39,861 SF	100%	
IV. Number of Stories	2 Stories		
V. Construction Type	Type V		
VI. Unit Mix	<u>Number of Units</u>		<u>Unit Size</u>
Two Bedroom	44 Units	100%	800 SF
VII. Density	14.8 Units/Acre		
VIII. Affordability Mix			
Units @ 50% of AMI	5 Units	11%	
Units @ 60% of AMI	38 Units	86%	
Manager	<u>1</u> Unit	<u>2%</u>	
Total/Average	44 Units	100%	
Average Affordability (excl. Manager unit)	59% of AMI		
IX. Parking	Surface Parking		
Residential Spaces	94 Spaces	2.1 Spaces/Unit	

URBAN HOUSING COMMUNITIES

TABLE 2

**ESTIMATED DEVELOPMENT COSTS
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs (1)(2)			
Off-Site Improvements (3)	\$0	\$0	\$0 Per SF Site
Demolition	\$0	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$202,537	\$4,603	\$2 Per SF Site
Parking	\$0	\$0	\$0 Per Space
Rehabilitation	\$1,937,031	\$44,023	\$49 Per SF GBA
FF&E/Amenities	\$39,600	\$900	Allowance
Contingency	<u>\$243,407</u>	<u>\$5,532</u>	11.2% of Above Directs
Subtotal	\$2,422,575	\$55,059	\$61 Per SF GBA
Add: Prevailing Wages	<u>\$294,504</u>	<u>\$6,693</u>	12.2% of Above Directs
Total Direct Costs	\$2,717,079	\$61,752	\$68 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$131,700	\$2,993	4.8% of Directs
Permits & Fees (3)	\$44,000	\$1,000	\$1 Per SF GBA
Legal & Accounting	\$137,000	\$3,114	5.0% of Directs
Taxes & Insurance	\$28,126	\$639	1.0% of Directs
Developer Fee	\$1,200,000	\$27,273	44.2% of Directs
Marketing/Lease-Up	\$44,600	\$1,014	Allowance
Contingency	<u>\$36,735</u>	<u>\$835</u>	2.3% of Indirects
Total Indirect Costs	\$1,622,161	\$36,867	59.7% of Directs
III. Financing Costs			
Loan Fees	\$318,000	\$7,227	11.7% of Directs
Interest During Construction	\$317,139	\$7,208	11.7% of Directs
Interest During Lease-Up	\$0	\$0	0.0% of Directs
Title/Recording/Escrow	\$16,400	\$373	0.6% of Directs
TCAC/Syndication Fees	\$51,000	\$1,159	1.9% of Directs
Operating Lease-Up/Reserves	<u>\$114,000</u>	<u>\$2,591</u>	4.2% of Directs
Total Financing Costs	\$816,539	\$18,558	30.1% of Directs
IV. Total Costs without Acquisition	\$5,155,779	\$117,177	\$129 Per SF GBA
V. Acquisition Costs			
Land Cost	\$1,320,000	\$30,000	\$10 Per SF Site
Existing Improvements	<u>\$5,280,000</u>	<u>\$120,000</u>	\$132 Per SF GBA
Total Acquisition Costs (4)	\$6,600,000	\$150,000	\$166 Per SF GBA
VI. Relocation Costs	<u>\$272,800</u>	<u>\$6,200</u>	\$2 Per SF Site
VII. Total Costs with Acquisition	\$12,028,579	\$273,377	\$302 Per SF GBA
Or Say (Rounded)	\$12,029,000		

(1) Assumes payment of prevailing wages.

(2) Includes pro rata share of General Requirements, General Contractor Overhead, GC Profit, Payment Performance Bond, Builder's Risk, and WC.

(3) Per Developer; not verified by KMA or City.

(4) Per Purchase and Sale Agreement, dated September 10, 2014.

URBAN HOUSING COMMUNITIES

TABLE 3

**NET OPERATING INCOME
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

	<u># of Units</u>	<u>\$/Month</u>	<u>Total Annual</u>
I. Gross Scheduled Income			
Two Bedroom @ 50% AMI - HOME	5	\$835	\$50,100
Two Bedroom @ 60% AMI - CRL	21	\$972	\$244,944
Two Bedroom @ 60% AMI - HOME	17	\$1,013	\$206,652
Two Bedroom Manager's Unit	1	\$0	\$0
Total	44	\$950	\$501,696
Add: Other Income	\$17 /Unit/Month		<u>\$8,800</u>
Total Gross Scheduled Income (GSI)			\$510,496
II. Effective Gross Income (EGI)			
(Less) Vacancy	5.0% of GSI		<u>(\$25,525)</u>
Total Effective Gross Income (EGI)			\$484,971
III. Operating Expenses			
(Less) Operating Expenses	\$4,705 /Unit/Year		(\$207,001)
(Less) Services/Amenities	\$341 /Unit/Year		(\$15,000)
(Less) Replacement Reserves	\$350 /Unit/Year		(\$15,400)
(Less) Property Taxes (1)	<u>\$101</u> /Unit/Year		<u>(\$4,424)</u>
Total Expenses	\$5,496 /Unit/Year		(\$241,825)
	49.9% of EGI		
IV. Net Operating Income (NOI)			\$243,146
Or Say (Rounded)			\$243,000

(1) Assumes development will qualify for tax-exempt status.

URBAN HOUSING COMMUNITIES

TABLE 4

FINANCING DEFICIT
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

4% Tax Credits
Acquisition/Rehabilitation

	<u>Total</u>	<u>Per Unit</u>
I. Sources of Funds		
Permanent Loan (1)	\$3,384,000	\$76,900
Market Value of Tax Credits (2)	\$3,758,000	\$85,400
Deferred Developer Fee (3)	\$550,000	\$12,500
General Partner Loan *	\$48,000	\$1,100
Income During Construction/Lease-Up	<u>\$195,000</u>	<u>\$4,400</u>
Total Sources of Funds	\$7,935,000	\$180,300
II. (Less) Development Costs	<u>(\$12,029,000)</u>	<u>(\$273,400)</u>
III. Financing Deficit	(\$4,094,000)	(\$93,100)

* Repayment of loan terms to be determined.

URBAN HOUSING COMMUNITIES

TABLE 4 (CONT'D.)

**FINANCING DEFICIT
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO**

4% Tax Credits
Acquisition/Rehabilitation

(1) Supportable Debt

Net Operating Income (NOI)	\$243,146
Interest Rate	5.25%
Term (in years)	35
Debt Coverage Ratio	1.15
Annual Debt Service	\$211,432
Supportable Debt	\$3,384,000

(2) Low Income Housing Tax Credits (Federal)

Estimate of Eligible Basis:

Total Development Costs	\$12,028,579
(Less) Ineligible Costs	14% (\$1,706,131)
Eligible Basis	\$10,322,448

Acquisition Basis	\$5,280,000
Rehabilitation Basis	<u>\$5,042,448</u>
Total	\$10,322,448

Tax Credit Proceeds:

Maximum Eligible Basis	\$10,322,448
Acquisition Basis/Applicable Factor	100.0% \$5,280,000
Impacted Bonus Factor (Rehabilitation Basis)	130.0% <u>\$6,555,182</u>
Total Qualified Basis	\$11,835,182
Tax Credit Rate @	3.24% \$383,460
Total Tax Credits @	10 \$3,834,599
Limited Partner Share	100.0% \$3,834,216
Present Market Value @	98.0% \$3,757,531

(3) Estimate of Deferred Developer Overhead Fee

Eligible Basis	\$10,322,448
(Less) Developer Fee	<u>(\$1,200,000)</u>
Unadjusted Eligible Basis	\$9,122,448
Total Developer Overhead Fee	13.2% \$1,200,000
Developer Overhead Fee	\$1,200,000
Total Deferred Developer Overhead Fee	45.8% \$549,940

URBAN HOUSING COMMUNITIES

TABLE 5

CASH FLOW PROJECTION
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

4% Tax Credits
Acquisition/Rehabilitation

	1	2	3	4	5	6	7	8	9	10
I. Gross Scheduled Income (GSI)	\$510,496	\$523,258	\$536,340	\$549,748	\$563,492	\$577,579	\$592,019	\$606,819	\$621,990	\$637,540
(Less) Vacancy	<u>(\$25,525)</u>	<u>(\$26,163)</u>	<u>(\$26,817)</u>	<u>(\$27,488)</u>	<u>(\$28,175)</u>	<u>(\$28,879)</u>	<u>(\$29,601)</u>	<u>(\$30,341)</u>	<u>(\$31,100)</u>	<u>(\$31,877)</u>
II. Effective Gross Income (EGI)	\$484,971	\$497,095	\$509,523	\$522,261	\$535,317	\$548,700	\$562,418	\$576,478	\$590,890	\$605,662
(Less) Operating Expenses	<u>(\$241,825)</u>	<u>(\$249,609)</u>	<u>(\$257,661)</u>	<u>(\$265,991)</u>	<u>(\$274,610)</u>	<u>(\$283,526)</u>	<u>(\$292,750)</u>	<u>(\$302,293)</u>	<u>(\$312,166)</u>	<u>(\$322,380)</u>
III. Net Operating Income	\$243,146	\$247,487	\$251,862	\$256,269	\$260,708	\$265,174	\$269,668	\$274,185	\$278,724	\$283,283
(Less) Debt Service	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>
IV. Project Cash Flow	\$31,714	\$36,055	\$40,430	\$44,837	\$49,276	\$53,742	\$58,236	\$62,753	\$67,292	\$71,851
V. (Less) Limited Partner Asset Mgmt. Fee	<u>(\$7,500)</u>	<u>(\$7,763)</u>	<u>(\$8,034)</u>	<u>(\$8,315)</u>	<u>(\$8,606)</u>	<u>(\$8,908)</u>	<u>(\$9,219)</u>	<u>(\$9,542)</u>	<u>(\$9,876)</u>	<u>(\$10,222)</u>
(Less) General Partner Asset Mgmt. Fee	<u>(\$7,500)</u>	<u>(\$7,763)</u>	<u>(\$8,034)</u>	<u>(\$8,315)</u>	<u>(\$8,606)</u>	<u>(\$8,908)</u>	<u>(\$9,219)</u>	<u>(\$9,542)</u>	<u>(\$9,876)</u>	<u>(\$10,222)</u>
Total Asset Management Fees	<u>(\$15,000)</u>	<u>(\$15,525)</u>	<u>(\$16,068)</u>	<u>(\$16,631)</u>	<u>(\$17,213)</u>	<u>(\$17,815)</u>	<u>(\$18,439)</u>	<u>(\$19,084)</u>	<u>(\$19,752)</u>	<u>(\$20,443)</u>
VI. Total Cash Flow	\$16,714	\$20,530	\$24,361	\$28,207	\$32,063	\$35,927	\$39,797	\$43,669	\$47,540	\$51,407
VII. Developer Fee Repayment										
Beginning Balance	<u>\$550,000</u>	\$549,181	\$544,523	\$535,898	\$523,179	\$506,236	\$484,939	\$459,157	\$428,758	\$393,609
Interest (1)	\$15,895	\$15,871	\$15,737	\$15,487	\$15,120	\$14,630	\$14,015	\$13,270	\$12,391	\$11,375
(Less) Cash Flow Credit	<u>(\$16,714)</u>	<u>(\$20,530)</u>	<u>(\$24,361)</u>	<u>(\$28,207)</u>	<u>(\$32,063)</u>	<u>(\$35,927)</u>	<u>(\$39,797)</u>	<u>(\$43,669)</u>	<u>(\$47,540)</u>	<u>(\$51,407)</u>
Ending Balance	\$549,181	\$544,523	\$535,898	\$523,179	\$506,236	\$484,939	\$459,157	\$428,758	\$393,609	\$353,577
VIII. Cash Flow for Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IX. City of Escondido										
Beginning Balance	<u>\$4,094,000</u>	\$4,216,820	\$4,339,640	\$4,462,460	\$4,585,280	\$4,708,100	\$4,830,920	\$4,953,740	\$5,076,560	\$5,199,380
Interest	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820
(Less) Cash Flow Credit of	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Ending Balance	\$4,216,820	\$4,339,640	\$4,462,460	\$4,585,280	\$4,708,100	\$4,830,920	\$4,953,740	\$5,076,560	\$5,199,380	\$5,322,200

Escalation Assumptions:			
Rental Income	2.5%	City Monitoring Fee	2.5%
Operating Expenses	3.5%	Property Taxes	2.0%
Services/Amenities	3.0%	Asset Management Fee	3.5%
Replacement Reserves	0.0%		

Cash Flow Distribution:		
Developer	50.0%	
City	50.0%	
Total	100.0%	

(1) Reflects long-term Applicable Federal Rate (October 2014), per Internal Revenue Service.

URBAN HOUSING COMMUNITIES

TABLE 5

CASH FLOW PROJECTION
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

4% Tax Credits
Acquisition/Rehabilitation

		11	12	13	14	15	16	17	18	19	20	21	22
I.	Gross Scheduled Income (GSI)	\$653,478	\$669,815	\$686,560	\$703,724	\$721,317	\$739,350	\$757,834	\$776,780	\$796,200	\$816,105	\$836,507	\$857,420
	(Less) Vacancy	<u>5.0%</u>	<u>(\$33,491)</u>	<u>(\$34,328)</u>	<u>(\$35,186)</u>	<u>(\$36,066)</u>	<u>(\$36,968)</u>	<u>(\$37,892)</u>	<u>(\$38,839)</u>	<u>(\$39,810)</u>	<u>(\$40,806)</u>	<u>(\$41,826)</u>	<u>(\$42,871)</u>
II.	Effective Gross Income (EGI)	\$620,804	\$636,324	\$652,232	\$668,538	\$685,251	\$702,383	\$719,942	\$737,941	\$756,389	\$775,299	\$794,681	\$814,548
	(Less) Operating Expenses	<u>(\$332,947)</u>	<u>(\$343,879)</u>	<u>(\$355,190)</u>	<u>(\$366,891)</u>	<u>(\$378,998)</u>	<u>(\$391,523)</u>	<u>(\$404,481)</u>	<u>(\$417,887)</u>	<u>(\$431,757)</u>	<u>(\$446,107)</u>	<u>(\$460,954)</u>	<u>(\$476,314)</u>
III.	Net Operating Income	\$287,857	\$292,445	\$297,042	\$301,646	\$306,254	\$310,860	\$315,462	\$320,054	\$324,632	\$329,192	\$333,728	\$338,234
	(Less) Debt Service	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>
IV.	Project Cash Flow	\$76,425	\$81,013	\$85,610	\$90,214	\$94,822	\$99,428	\$104,030	\$108,622	\$113,200	\$117,760	\$122,296	\$126,802
V.	(Less) Limited Partner Asset Mgmt. Fee	<u>(\$10,579)</u>	<u>(\$10,950)</u>	<u>(\$11,333)</u>	<u>(\$11,730)</u>	<u>(\$12,140)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	(Less) General Partner Asset Mgmt. Fee	<u>(\$10,579)</u>	<u>(\$10,950)</u>	<u>(\$11,333)</u>	<u>(\$11,730)</u>	<u>(\$12,140)</u>	<u>(\$12,565)</u>	<u>(\$13,005)</u>	<u>(\$13,460)</u>	<u>(\$13,931)</u>	<u>(\$14,419)</u>	<u>(\$14,923)</u>	<u>(\$15,446)</u>
	Total Asset Management Fees	<u>(\$21,159)</u>	<u>(\$21,900)</u>	<u>(\$22,666)</u>	<u>(\$23,459)</u>	<u>(\$24,280)</u>	<u>(\$12,565)</u>	<u>(\$13,005)</u>	<u>(\$13,460)</u>	<u>(\$13,931)</u>	<u>(\$14,419)</u>	<u>(\$14,923)</u>	<u>(\$15,446)</u>
VI.	Total Cash Flow	\$55,266	\$59,113	\$62,944	\$66,755	\$70,541	\$86,863	\$91,025	\$95,162	\$99,269	\$103,341	\$107,372	\$111,357
VII.	Developer Fee Repayment												
	Beginning Balance	\$353,577	\$308,529	\$258,333	\$202,854	\$141,962	\$75,523						
	Interest (1)	\$10,218	\$8,916	\$7,466	\$5,862	\$4,103	\$2,183						
	(Less) Cash Flow Credit	<u>(\$55,266)</u>	<u>(\$59,113)</u>	<u>(\$62,944)</u>	<u>(\$66,755)</u>	<u>(\$70,541)</u>	<u>(\$77,706)</u>						
	Ending Balance	\$308,529	\$258,333	\$202,854	\$141,962	\$75,523	\$0						
VIII.	Cash Flow for Distribution	\$0	\$0	\$0	\$0	\$0	\$9,157	\$91,025	\$95,162	\$99,269	\$103,341	\$107,372	\$111,357
IX.	City of Escondido												
	Beginning Balance	\$5,322,200	\$5,445,020	\$5,567,840	\$5,690,660	\$5,813,480	\$5,936,300	\$6,054,541	\$6,131,849	\$6,207,088	\$6,280,274	\$6,351,423	\$6,420,557
	Interest	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820
	(Less) Cash Flow Credit of	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,579)</u>	<u>(\$45,512)</u>	<u>(\$47,581)</u>	<u>(\$49,634)</u>	<u>(\$51,671)</u>	<u>(\$53,686)</u>	<u>(\$55,678)</u>
	Ending Balance	\$5,445,020	\$5,567,840	\$5,690,660	\$5,813,480	\$5,936,300	\$6,054,541	\$6,131,849	\$6,207,088	\$6,280,274	\$6,351,423	\$6,420,557	\$6,487,699

(1) Reflects long-term Applicable Federal Rate
(October 2014), per Internal Revenue Service.

URBAN HOUSING COMMUNITIES

4% Tax Credits
Acquisition/Rehabilitation

TABLE 5

CASH FLOW PROJECTION
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

	23	24	25	26	27	28	29	30	31	32	33	34
I. Gross Scheduled Income (GSI)	\$878,855	\$900,827	\$923,347	\$946,431	\$970,092	\$994,344	\$1,019,203	\$1,044,683	\$1,070,800	\$1,097,570	\$1,125,009	\$1,153,134
(Less) Vacancy	<u>(\$43,943)</u>	<u>(\$45,042)</u>	<u>(\$46,168)</u>	<u>(\$47,322)</u>	<u>(\$48,505)</u>	<u>(\$49,718)</u>	<u>(\$50,961)</u>	<u>(\$52,235)</u>	<u>(\$53,540)</u>	<u>(\$54,879)</u>	<u>(\$56,251)</u>	<u>(\$57,657)</u>
II. Effective Gross Income (EGI)	\$834,912	\$855,785	\$877,180	\$899,109	\$921,587	\$944,627	\$968,242	\$992,448	\$1,017,259	\$1,042,691	\$1,068,758	\$1,095,477
(Less) Operating Expenses	<u>(\$492,206)</u>	<u>(\$508,648)</u>	<u>(\$525,659)</u>	<u>(\$543,259)</u>	<u>(\$561,468)</u>	<u>(\$580,308)</u>	<u>(\$599,799)</u>	<u>(\$619,966)</u>	<u>(\$640,832)</u>	<u>(\$662,419)</u>	<u>(\$684,755)</u>	<u>(\$707,864)</u>
III. Net Operating Income	\$342,706	\$347,137	\$351,521	\$355,850	\$360,119	\$364,319	\$368,443	\$372,482	\$376,428	\$380,272	\$384,003	\$387,613
(Less) Debt Service	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>	<u>(\$211,432)</u>
IV. Project Cash Flow	\$131,274	\$135,705	\$140,089	\$144,418	\$148,687	\$152,887	\$157,011	\$161,050	\$164,996	\$168,840	\$172,571	\$176,181
V. (Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) General Partner Asset Mgmt. Fee	<u>(\$15,986)</u>	<u>(\$16,546)</u>	<u>(\$17,125)</u>	<u>(\$17,724)</u>	<u>(\$18,345)</u>	<u>(\$18,987)</u>	<u>(\$19,651)</u>	<u>(\$20,339)</u>	<u>(\$21,051)</u>	<u>(\$21,788)</u>	<u>(\$22,550)</u>	<u>(\$23,340)</u>
Total Asset Management Fees	<u>(\$15,986)</u>	<u>(\$16,546)</u>	<u>(\$17,125)</u>	<u>(\$17,724)</u>	<u>(\$18,345)</u>	<u>(\$18,987)</u>	<u>(\$19,651)</u>	<u>(\$20,339)</u>	<u>(\$21,051)</u>	<u>(\$21,788)</u>	<u>(\$22,550)</u>	<u>(\$23,340)</u>
VI. Total Cash Flow	\$115,288	\$119,159	\$122,964	\$126,694	\$130,342	\$133,900	\$137,359	\$140,711	\$143,945	\$147,052	\$150,021	\$152,841
VII. Developer Fee Repayment												
Beginning Balance												
Interest (1)												
(Less) Cash Flow Credit												
Ending Balance												
VIII. Cash Flow for Distribution	\$115,288	\$119,159	\$122,964	\$126,694	\$130,342	\$133,900	\$137,359	\$140,711	\$143,945	\$147,052	\$150,021	\$152,841
IX. City of Escondido												
Beginning Balance	\$6,487,699	\$6,552,875	\$6,616,115	\$6,677,453	\$6,736,926	\$6,794,575	\$6,850,445	\$6,904,585	\$6,957,050	\$7,007,897	\$7,057,192	\$7,105,001
Interest	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820
(Less) Cash Flow Credit of	<u>(\$57,644)</u>	<u>(\$59,580)</u>	<u>(\$61,482)</u>	<u>(\$63,347)</u>	<u>(\$65,171)</u>	<u>(\$66,950)</u>	<u>(\$68,680)</u>	<u>(\$70,355)</u>	<u>(\$71,972)</u>	<u>(\$73,526)</u>	<u>(\$75,010)</u>	<u>(\$76,421)</u>
Ending Balance	\$6,552,875	\$6,616,115	\$6,677,453	\$6,736,926	\$6,794,575	\$6,850,445	\$6,904,585	\$6,957,050	\$7,007,897	\$7,057,192	\$7,105,001	\$7,151,400

(1) Reflects long-term Applicable Federal Rate
(October 2014), per Internal Revenue Service.

URBAN HOUSING COMMUNITIES

TABLE 5

CASH FLOW PROJECTION
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

4% Tax Credits
Acquisition/Rehabilitation

	35	36	37	38	39	40	41	42	43	44	45
I. Gross Scheduled Income (GSI)	\$1,181,963	\$1,211,512	\$1,241,800	\$1,272,845	\$1,304,666	\$1,337,282	\$1,370,714	\$1,404,982	\$1,440,107	\$1,476,109	\$1,513,012
(Less) Vacancy	5.0%	(\$59,099)	(\$60,576)	(\$63,643)	(\$65,234)	(\$66,865)	(\$68,536)	(\$70,250)	(\$72,006)	(\$73,806)	(\$75,651)
II. Effective Gross Income (EGI)	\$1,122,864	\$1,150,936	\$1,179,709	\$1,209,202	\$1,239,432	\$1,270,418	\$1,302,178	\$1,334,733	\$1,368,101	\$1,402,303	\$1,437,361
(Less) Operating Expenses	(\$731,774)	(\$756,512)	(\$782,107)	(\$808,589)	(\$835,989)	(\$864,338)	(\$893,670)	(\$924,018)	(\$955,418)	(\$987,907)	(\$1,021,522)
III. Net Operating Income	\$391,090	\$394,424	\$397,602	\$400,613	\$403,443	\$406,080	\$408,508	\$410,715	\$412,683	\$414,397	\$415,839
(Less) Debt Service	(\$211,432)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IV. Project Cash Flow	\$179,658	\$394,424	\$397,602	\$400,613	\$403,443	\$406,080	\$408,508	\$410,715	\$412,683	\$414,397	\$415,839
V. (Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) General Partner Asset Mgmt. Fee	(\$24,156)	(\$25,002)	(\$25,877)	(\$26,783)	(\$27,720)	(\$28,690)	(\$29,694)	(\$30,734)	(\$31,809)	(\$32,923)	(\$34,075)
Total Asset Management Fees	(\$24,156)	(\$25,002)	(\$25,877)	(\$26,783)	(\$27,720)	(\$28,690)	(\$29,694)	(\$30,734)	(\$31,809)	(\$32,923)	(\$34,075)
VI. Total Cash Flow	\$155,502	\$369,422	\$371,725	\$373,830	\$375,723	\$377,389	\$378,814	\$379,981	\$380,873	\$381,474	\$381,764
VII. Developer Fee Repayment											
Beginning Balance											
Interest (1)	2.89%										
(Less) Cash Flow Credit											
Ending Balance											
VIII. Cash Flow for Distribution	\$155,502	\$369,422	\$371,725	\$373,830	\$375,723	\$377,389	\$378,814	\$379,981	\$380,873	\$381,474	\$381,764
IX. City of Escondido											
Beginning Balance	\$7,151,400	\$7,196,469	\$7,134,579	\$7,071,536	\$7,007,441	\$6,942,400	\$6,876,525	\$6,809,938	\$6,742,768	\$6,675,151	\$6,607,234
Interest	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820
(Less) Cash Flow Credit of	3.00%	(\$77,751)	(\$184,711)	(\$185,862)	(\$186,915)	(\$187,861)	(\$189,407)	(\$189,990)	(\$190,437)	(\$190,737)	(\$190,882)
Ending Balance	\$7,196,469	\$7,134,579	\$7,071,536	\$7,007,441	\$6,942,400	\$6,876,525	\$6,809,938	\$6,742,768	\$6,675,151	\$6,607,234	\$6,539,172

(1) Reflects long-term Applicable Federal Rate (October 2014), per Internal Revenue Service.

URBAN HOUSING COMMUNITIES

4% Tax Credits
Acquisition/Rehabilitation

TABLE 5

CASH FLOW PROJECTION
CROSSINGS ON ESCONDIDO BOULEVARD
CITY OF ESCONDIDO

		46	47	48	49	50	51	52	53	54	55
I.	Gross Scheduled Income (GSI)	\$1,550,837	\$1,589,608	\$1,629,349	\$1,670,082	\$1,711,834	\$1,754,630	\$1,798,496	\$1,843,458	\$1,889,545	\$1,936,783
	(Less) Vacancy	(\$77,542)	(\$79,481)	(\$81,468)	(\$83,505)	(\$85,592)	(\$87,732)	(\$89,926)	(\$92,174)	(\$94,478)	(\$96,840)
II.	Effective Gross Income (EGI)	\$1,473,295	\$1,510,127	\$1,547,881	\$1,586,578	\$1,626,242	\$1,666,898	\$1,708,571	\$1,751,285	\$1,795,067	\$1,839,944
	(Less) Operating Expenses	(\$1,056,302)	(\$1,092,288)	(\$1,129,522)	(\$1,168,047)	(\$1,207,908)	(\$1,249,152)	(\$1,291,826)	(\$1,335,980)	(\$1,381,665)	(\$1,428,936)
III.	Net Operating Income	\$416,993	\$417,839	\$418,359	\$418,530	\$418,334	\$417,746	\$416,745	\$415,305	\$413,402	\$411,008
	(Less) Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IV.	Project Cash Flow	\$416,993	\$417,839	\$418,359	\$418,530	\$418,334	\$417,746	\$416,745	\$415,305	\$413,402	\$411,008
V.	(Less) Limited Partner Asset Mgmt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	(Less) General Partner Asset Mgmt. Fee	(\$35,268)	(\$36,502)	(\$37,780)	(\$39,102)	(\$40,470)	(\$41,887)	(\$43,353)	(\$44,870)	(\$46,441)	(\$48,066)
	Total Asset Management Fees	(\$35,268)	(\$36,502)	(\$37,780)	(\$39,102)	(\$40,470)	(\$41,887)	(\$43,353)	(\$44,870)	(\$46,441)	(\$48,066)
VI.	Total Cash Flow	\$381,725	\$381,337	\$380,579	\$379,429	\$377,863	\$375,859	\$373,392	\$370,435	\$366,961	\$362,942
VII.	Developer Fee Repayment										
	Beginning Balance										
	Interest (1)										
	(Less) Cash Flow Credit										
	Ending Balance										
VIII.	Cash Flow for Distribution	\$381,725	\$381,337	\$380,579	\$379,429	\$377,863	\$375,859	\$373,392	\$370,435	\$366,961	\$362,942
IX.	City of Escondido										
	Beginning Balance	\$6,539,172	\$6,471,129	\$6,403,281	\$6,335,811	\$6,268,917	\$6,202,805	\$6,137,695	\$6,073,819	\$6,011,422	\$5,950,762
	Interest	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820	\$122,820
	(Less) Cash Flow Credit of	(\$190,863)	(\$190,669)	(\$190,289)	(\$189,714)	(\$188,932)	(\$187,930)	(\$186,696)	(\$185,217)	(\$183,480)	(\$181,471)
	Ending Balance	\$6,471,129	\$6,403,281	\$6,335,811	\$6,268,917	\$6,202,805	\$6,137,695	\$6,073,819	\$6,011,422	\$5,950,762	\$5,892,111

(1) Reflects long-term Applicable Federal Rate
(October 2014), per Internal Revenue Service.

ATTACHMENT D

Barbara J. Redlitz, AICP
Director of Community Development
Planning Division
201 North Broadway, Escondido, CA 92025
Phone: 760-839-4671 Fax: 760-839-4313

October 23, 2014

Mr. John Bigley
Urban Housing Communities
2000 E Fourth Street, Suite #205
Santa Ana, CA 92705

RE: Commitment of Affordable Housing Funds in the Amount of \$4,100,000
Crossings on Escondido Boulevard
1150-1166 North Escondido Blvd
Escondido, CA 92025

Dear Mr. Bigley:

On behalf of the City of Escondido ("City"), I am informing you that on October 22, 2014, the City Council approved a commitment to make a loan of Affordable Housing Funds, including HOME Investment Partnership Program (HOME) funds and Successor Housing Agency (formally RDA Set-Aside) funds, in the amount of \$4,100,000 to UHC, a California limited liability corporation (or an approved affiliate) ("Borrower"), for the acquisition and rehabilitation of 44 units of affordable rental housing ("Project") on the site generally described as 1150-1166 North Escondido Boulevard, Escondido, CA 92025 via Council Resolution Number 2014-154. As noted below, this commitment is contingent on the Project being awarded 4% Low Income Housing Tax Credits, or other acceptable financing, and is subject to the terms and conditions set forth in this letter.

Unless otherwise agreed in writing by the City in its sole discretion, the City's approval of this financing commitment is subject to and contingent upon the following terms and conditions. This commitment will expire on June 30, 2015.

TERMS AND CONDITIONS

1. The Project will consist of the acquisition and rehabilitation of 43 units of affordable rental housing to be occupied by and restricted to Very Low Income (50% of Area Median Income or lower), and Low Income (60% of Area Median Income or lower) households at affordable rents (with the exception of one management unit) and one manager's unit, for at least 55 years plus one managers unit. Approximately one-half of the units will be designated as HOME Program units and approximately one-half will be designated as Successor Housing Agency units. Corresponding rents on those units will be restricted in conformance with the Federal regulations governing the HOME Program or the California regulations governing redevelopment funds.
2. This \$4,100,000 loan commitment is contingent upon Borrower receiving an allocation of 4% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("TCAC") by the May 2015 TCAC application cycle to finance the Project.

Borrower may, with Housing staff approval, pursue other acceptable financing mechanisms. The permanent financing for the Project will be approximately as follows (these are current projections and are subject to change):

Sources of Permanent Funds:

Conventional Lender	\$3,384,000
City Affordable Housing funds	\$4,094,000
Deferred Developer Fee	\$550,000
General Partner Loan	\$48,000
Income From Operations	\$195,000
Four Percent Tax Credit Equity Investment	<u>\$3,758,000</u>
TOTAL SOURCES	\$12,029,000

3. The City loan will be in the original principal amount of \$4,100,000, with interest at three percent (3.00%) per annum from the date of disbursement. The term of the loan will be 55 years. Loan payments shall be payable exclusively from the City's share of annual residual receipts, net sales proceeds and net refinancing proceeds. The terms of the residual receipts obligation, including identification of all Borrower's obligations having a priority over the City's right to receive residual receipts, will be set forth in the Affordable Housing Loan Agreement ("Loan Agreement").
4. This commitment is based on Borrower's current estimates of total development costs as shown in Paragraph 2. Borrower shall be responsible, without cost to the City, for any additional sources of funds that may be needed to complete the Project.
5. This letter is not intended to describe all of the requirements, terms, conditions and documents necessary for the City loan. A Loan Agreement including the form of promissory note, deed of trust and related documents, will be prepared, and is subject to execution by Borrower prior to its acceptance by the City. The final form of the Loan Agreement approved by Borrower shall include all provisions and attachments customarily included in City loan agreements, including but not limited to conditions precedent to the disbursement of the City loan.
6. The Project shall be constructed in accordance with all applicable Federal, State and local laws, rules and regulations.
7. Borrower shall comply with State Prevailing Wage and/or Federal Davis-Bacon requirements, if applicable.
8. Borrower shall prepare and submit a Sources and Uses Project Budget for approval by the City as an attachment to the Loan Agreement. Line item estimates of the Uses of Funds shall be backed up by such documentation, including appraisals and construction cost estimates, as may reasonably be required by City staff. The final Sources and Uses

of Funds for the Project shall be consistent with the Project Budget except as otherwise approved by City Staff. The City loan shall be disbursed to reimburse Borrower for payment of costs in the Project Budget in accordance with disbursement procedures and requirements to be included in the Loan Agreement.

9. Borrower shall submit an audited cost certification following completion of construction and, for each year during the term of the City loan after the completion of construction, an annual audited income and expense statement, balance sheet and statement of all changes in financial position, signed by an authorized officer of Borrower.
10. The City loan will be evidenced by a non-recourse promissory note (subject to customary non-recourse carve-outs), and secured by a deed of trust and other customary loan documents, which shall be subordinated to senior construction and permanent loan deeds of trust, provided the senior lender(s) agree to provide City with reasonable notice and cure rights that protect the City's investment in the event of default by Borrower.
11. The City loan documents will contain provisions prohibiting the transfer of Borrower's interests in the site of the Project without the reasonable prior written consent of the City, the admittance and exit of a tax credit partner shall not require the written consent of the City.
12. The City loan documents will describe events of default which will permit the City, after notice and opportunity to cure, to pursue appropriate remedies, including acceleration of the City loan and foreclosure under the deed of trust. These events may include, but are not limited to, failure to complete the construction of the Project as required by the Loan Agreement.
13. At the closing, the City shall receive an ALTA lender's policy of title insurance, showing the City deed of trust junior in priority only to deeds of trust to which the City has agreed to subordinate its interests.
14. The Borrower shall obtain all land use entitlement, approvals, and permits necessary for the construction of the Project and shall pay all City fees in connections therewith.
15. The Borrower's architect and general contractor shall be subject to the reasonable approval of the City.
16. This conditional commitment allows for the commitment of funds or site approval to occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the US Department of Housing and Urban development under 24 CFR Part 58, the provision of any funds to the Project is conditioned on the City's determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review. Borrower must not undertake or unconditionally commit any funds to physical or choice-limiting actions, including property acquisition,

demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds under this conditional commitment.

17. Borrower shall prepare and submit a scope of development for approval by the City as an attachment to the Loan Agreement. The City shall have the right to review and approve all design drawings and plans for the Project. All plans for the construction of the Project shall be subject to applicable City design review and approval procedures, and shall be consistent with the logical evolution of the scope of development, except as otherwise approved by the City.
18. Borrower shall prepare and submit a schedule of performance providing for the timely satisfaction of all conditions precedent to the closing and the timely commencement and completion of construction, for approval by the City as an attachment to the Loan Agreement. Except as otherwise approved by the City, failure to comply with the schedule of performance shall be a default under the terms of the Loan Agreement.
19. At the respective times provided in the schedule of performance, Borrower shall submit for approval by the City evidence of financing consistent with the Loan Agreement and sufficient to completely finance the acquisition of the site and construction of the Project.
20. At the closing for acquisition of the site, Borrower shall execute a Regulatory Agreement and Declaration of Covenants and Restrictions ("Regulatory Agreement"), restricting for at least 55 years the maximum income of tenants and the maximum rents that may be charged to tenants, which shall be recorded against Borrower's interest in the property. The Regulatory Agreement shall require City approvals of any housing management company and management plans relating to the management and operations of the Project.
21. Borrower shall indemnify and hold the City harmless for any costs relating to hazardous materials affecting the site. Prior to closing, Borrower shall submit to the City a Phase 1 Environmental Site Assessment and shall conduct such additional environmental testing as may be necessary to determine that hazardous materials are not present on the site, or that any hazardous materials on the site may be remediated without adversely affecting the feasibility of the Project. The Borrower shall execute an environmental indemnity in favor of the City similar to the form of the environmental indemnity used in other City transactions.
22. Borrower shall submit for City review and approval all corporate and partnership or limited liability formation documents for the partnership to be formed and its constituent general partners, certificates of good standing and/or other evidence of current authority for all such entities to conduct business within the State, agreements with the tax credit investor, and express partnership consents and corporate resolutions consenting to this transaction, as the City may determine to be applicable.

23. Prior to the closing of construction financing, Borrower shall submit evidence of insurance, evidence of financing commitments, copies of construction loan documents and such other documentation as required by the Loan Agreement.

If you have any questions, please don't hesitate to contact Karen Youel, Housing Management Analyst, at 760-839-4518 or by email at KYouel@escondido.org.

Sincerely,

Barbara Redlitz
Director of Community Development

**EXCLUSIVE NEGOTIATING AGREEMENT
(Solutions Escondido Boulevard)**

This Exclusive Negotiating Agreement ("Agreement") is dated as of the ____ day of October, 2014 (the "Effective Date"), by and between the City of Escondido as the Successor Housing Agency of the Community Development Commission of the City of Escondido ("SHA") and Solutions Escondido Boulevard, LLC, a California limited liability corporation ("Developer"). The SHA and Developer may sometimes be referred to herein individually as "Party" and collectively as "Parties."

RECITALS

A. Whereas family homelessness is a challenge with an impact on every city in North San Diego County and results in unacceptable living conditions for adults and their children; and

B. Whereas on April 23, 2013, the five Mayors representing Escondido, San Marcos, Vista, Oceanside and Carlsbad executed a Proclamation intending to advance the goals of Solutions for Change to address family homelessness.

C. Whereas, on November 6, 2013, the City Council of the City of Escondido adopted Resolution No. 2013-138 approving an allocation of \$1,900,000 in HOME funds and \$200,000 in HOME / CHDO funds to Solutions for Change, Inc. for affordable housing purposes; and

D. Whereas, a deadline for the commitment of HOME funds can not met, and Developer wishes to allow that funding to be committed to alternative affordable housing projects; and

E. Whereas, on October 22, 2014, the City Council of the City of Escondido affirmed its commitment of an amount not to exceed \$2,100,000 to Developer for affordable housing purposes by adopting Resolution No 2014-154.

F. Whereas the City of Escondido desires to support Developer's goal to obtain additional subordinate debt financing, tax credits, and / or grants to address family homelessness in Escondido.

G. In furtherance of the objectives of the California Community Redevelopment Law ("Redevelopment Law") (Health & Safety Code Section 33000 et seq.), the SHA desires to provide financial assistance to Developer using funds from, among other sources, Educational Revenue Augmentation Fund Loans ("ERAF Repayment Proceeds") to the SHA's to develop the real property located at 1560-1574 S. Escondido Boulevard, in the City of Escondido, Assessor Parcel Numbers 236-460-70 and 236-460-71 (collectively referred to herein as the "Property").

H. The SHA and Developer desire to negotiate an agreement (“Affordable Housing Agreement”) pursuant to which the SHA would provide financial assistance to Developer for the development of the Property for a new mixed-use affordable housing community of up to 40 residential units (the “Project”) consistent with the statutes and regulations governing the use of the SHA’s ERAF Repayment Proceeds or other funds the SHA may use.

I. The purpose of this Agreement is to establish a period during which Developer shall have the right to exclusively negotiate with the SHA the terms of an Affordable Housing Agreement with respect to the Property.

NOW, THEREFORE, Developer and the SHA, hereby agree as follows:

1. Negotiating Period. The SHA agrees to exclusively negotiate with Developer and Developer agrees to exclusively negotiate with the SHA regarding the terms of the Affordable Housing Agreement which will provide the Developer at least a three (3) year period from the date first set forth above during which the Developer can obtain commitments for additional funding for the Project. The SHA and Developer shall negotiate diligently and in good faith to carry out the obligations of this Agreement with a goal of completing and executing an Affordable Housing Agreement with six months of Developer’s submittals to the City of Escondido required under section 4 below, provided however that either party may by written notice to the other, extend their negotiations for an additional six months, such aggregate period being referred to in this Agreement as the “Negotiating Period”.

If despite their respective diligent good faith efforts, the SHA and Developer are unable to reach agreement and execute and deliver an Affordable Housing Agreement by the expiration of the Negotiating Period, then this Agreement shall terminate and no party shall have any further rights or obligations under this Agreement, except that the provisions of Sections 16 & 17 shall survive any termination. If an Affordable Housing Agreement is executed by the Parties, then, upon such execution, this Agreement shall terminate, and all rights and obligations of the Parties shall be as set forth in the executed Affordable Housing Agreement.

2. Site Control. The Property is currently owned by the Developer.

3. Costs and Expenses. Except as otherwise provided in Section 6, below, each party shall be responsible for its own costs and expenses in connection with any activities and negotiations undertaken in connection with the performance of its obligations under this Agreement.

4. Developer Submissions. Developer agrees that by December 15, 2014, Developer shall submit to the SHA for review, a proposal for development of the Property and the Project, with supporting documents. In addition, Developer will provide the SHA with the following documents, reports and information prior to the expiration of this Agreement:

(a) The unit mix by number of bedrooms, proposed income targeting, proposed construction work with preliminary cost estimates, and site amenities.

(b) A proposed schedule for development of the Project.

(c) A financial pro forma which contains: (i) a projected development budget for the Project, (ii) a projected sources and uses analysis, (iii) a 15-year cash flow analysis, (iv) a proposed rent schedule and utility allowance schedule, and (v) a projected operating budget for the Project.

(d) Preliminary evidence of conventional construction and permanent financing options.

5. Approval and Negotiation of Affordable Housing Agreement. If both the SHA and Developer are satisfied with the financial feasibility of the Project, the SHA and Developer shall seek in good faith to negotiate and draft a mutually acceptable Affordable Housing Agreement for the development of the Project. However, by entering into this Agreement, the Parties are not contractually bound to enter into an Affordable Housing Agreement.

6. Predevelopment Loan. Upon SHA's satisfaction of the financial feasibility of the Project, SHA shall reserve an amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000.00) ("Predevelopment Loan") for the benefit of Developer to facilitate predevelopment activities of the Project. Said account shall remain in the control of the City and disbursements shall be made to Developer on a reimbursement basis based upon reasonable requests for funding by Developer to Karen Youel, Management Analyst, Housing Division. Requests for funds by Developer shall include expense projections sufficiently detailed to allow the City to evaluate Developer's expenditures. The City shall not unreasonably deny requests for funds and shall ensure that funding requests and disbursements are expeditiously processed. Uses of funds include, but are not limited to, (a) demolition of commercial building current on the site; and (b) reimbursement of funds expended by Developer in connection with the development of the Project as set forth in Exhibit A ("Predevelopment Loan Activities"). Any Predevelopment Loan funds disbursed prior to adoption of the Affordable Housing Agreement shall be credited against the amount of any SHA loan to be made thereunder and any funds remaining in the account if and when the Affordable Housing Agreement is approved shall be added to the principal of any loan made by the SHA pursuant to the Affordable Housing Agreement. If the Affordable Housing Agreement or similar agreement is ultimately executed by the SHA and Developer, the Predevelopment Loan shall constitute a portion of any financial assistance which may ultimately be provided by the SHA to Developer. In such event, the Predevelopment Loan shall be repayable by Developer to the SHA with interest from the date of disbursement of the funds at the simple interest rate of three percent (3%) per annum (or such interest rate as may ultimately be charged on any financial assistance provided by the SHA to Developer with respect to the Project), from residual receipts produced from the operation of the Project. If this Agreement is: (i) terminated for any reason other than Developer's uncured, material default hereunder; (ii) the SHA and Developer do not enter into an Affordable Housing Agreement or similar agreement with respect to the Property; and (iii) acquisition and/or development of the Project does not proceed prior to termination of this Agreement, the Predevelopment Loan will become due. In such event, Developer shall assign its interest in all reports, studies and plans pertaining to the Project to the SHA. Such assignment shall be subject to any applicable third-party rights in such materials so assigned. If the SHA acquires title to the Project and no Affordable Housing Agreement or similar agreement is entered into between the SHA and Developer, then following the

termination of this Agreement, the SHA shall be free to dispose of, sell or otherwise deal with the Project as the SHA determines in its sole and absolute discretion.

7. Conceptual Site Plans. The Developer shall cause preparation by a licensed architect of a conceptual site plan, elevations, and other plans adequate to constitute a complete application for all City Land Use Entitlements.

8. Planning Application and Land Use Entitlements. The Developer shall submit to the City a complete application for all discretionary land use entitlements required from the City to develop the Development (collectively, the "City Land Use Entitlements"). Following submittal, the developer shall use diligent good faith efforts to seek City approval of the City Land Use Entitlements in accordance with all applicable legal requirements and procedures. Nothing in this Agreement shall obligate the City to exercise its discretion regarding the Development in any particular manner.

9. Termination/Expiration of Agreement. Except as this Agreement is extended or amended by mutual written agreement of the parties, if at the end of the Negotiating Period, the SHA and Developer have not agreed upon a mutually acceptable Affordable Housing Agreement, then all of this Agreement shall terminate.

10. Defaults and Remedies. Failure by a Party to negotiate in good faith as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If the default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, the non-defaulting Party may exercise the remedies set forth herein.

The non-availability of anticipated funds or a subsequent City Council decision to not fund the proposed project shall not violate the good faith provisions of this Agreement.

In the event of an uncured default by the SHA or the Developer, the non-defaulting Party's sole remedy shall be to terminate this agreement. Following such termination, no Party shall have any further right, remedy or obligation under this Agreement except that the Developer indemnification obligation pursuant to Section 16 & 17.

Except as expressly provided above, no Party shall have any liability to any other Party for damages or otherwise for any default, nor shall any Party have any other claims with respect to performance under this Agreement. Each Party specifically waives and releases any such rights or claims it may otherwise have at law or in equity.

11. Cooperation. The SHA agrees to cooperate with Developer in supplying financial institutions, governmental financing agencies, and non-governmental financing agencies with appropriate information, if available and not otherwise privileged, to facilitate the obtaining of additional financing for the Project. The SHA shall also cooperate with Developer's professional consultants and associates in providing them with any information and assistance reasonably within the capacity of the SHA to provide in connection with the preparation of the Affordable

Housing Agreement required to be submitted by Developer to the SHA pursuant to this Agreement or as required by state and local laws or regulations.

12. Nondiscrimination. Developer shall not discriminate against nor segregate, any person, or group or persons in compliance with state and federal laws in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project, nor shall Developer establish or permit any such practice or practices of discrimination or segregation in the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Project.

13. Environmental Requirements. Certain state and local environmental requirements (including, but without limitation, the California Environmental Quality Act of 1970, Public Resources Code Section 21000, et seq.) may be applicable to the proposed Project. Pursuant to such requirements, certain environmental documents may be required to be prepared and certified for the proposed Project.

14. Address for Notices. Any notices pursuant to this Agreement shall be sent to the following addresses:

To SHA: City of Escondido in its capacity as the successor housing agency
to the former Escondido Redevelopment Agency
c/o City of Escondido
201 North Broadway
Escondido, CA 92025
Attn: Housing Division

To Developer: Solutions Escondido Boulevard, LLC
c/o Solutions for Change, Inc.
722 West California Avenue
Vista, CA 92083
Attention: Michael C. Megison

Copy to: Hitzke Development Corporation
251 Autumn Drive, Suite 100
San Marcos, CA 92069
Attn: Ginger Hitzke

Copy to: Peterson & Price, A.P.C.
530 "B" Street, Suite 1800
San Diego, CA 92101
Attn: Marshal Scarr

15. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

16. Indemnification. Developer shall defend, indemnify, assume all responsibility for, and hold City of Escondido and SHA and their respective officers, employees, agents, and representatives harmless from all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) and for any damages to property or injuries to persons, including accidental death, which may be caused by or arise out of the Developer's performance or failure to perform its obligations pursuant to this Agreement, whether such activities or performance thereof by the Developer or by anyone employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall not be liable for property damage or bodily injury occasioned by negligence of, willful misconduct of, or breach of this Agreement by the SHA or City or their agents or employees.

17. Non-liability of City Officials. No member, official, employee, or contractor of the SHA shall be personally liable to the Developer in the event of any default or breach by SHA or for any amount, which may become due to Developer or on any obligations under the terms of the agreement.

18. Amendment of Agreement. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the SHA and Developer.

19. Governing Law. This Agreement shall be governed by the laws of the State of California, with the place of venue being North San Diego County.

20. Assignment Prohibited. In no event shall Developer assign or transfer any portion of Developer's rights or obligations under this Agreement without the prior express written consent of the SHA, which consent may be withheld in the SHA's sole and absolute discretion.

21. Time of Essence. Time is of the essence of every portion of this Agreement in which time is a material part.

22. Governing Law. This Agreement shall be construed in accordance with the laws of the State of California.

23. Signature Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenant to the SHA that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

SHA:

City of Escondido as the Successor Housing Agency
of the Community Development Commission of the City of Escondido

By: _____
Sam Abed, Mayor

By: _____
Diane Halverson, City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY OF THE CITY OF ESCONDIDO

By: _____
Name: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

DEVELOPER:

Solutions Escondido Boulevard, LLC, a California limited partnership

By: Solutions for Change, Inc.

Its: Manager

By: Michael C. Megison
Its: Chief Executive Officer

RESOLUTION NO. 2014-154R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING ALLOCATIONS OF AFFORDABLE HOUSING FUNDS INCLUDING HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM FUNDING AND SUCCESSOR HOUSING AGENCY FUNDING IN THE TOTAL AMOUNT OF \$7,350,000 AND AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR TO CONDITIONALLY COMMIT FUNDS, AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, ALL NECESSARY AGREEMENTS, LOAN DOCUMENTS AND DEEDS

(260 MIDWAY DRIVE, 1150-166 NORTH
ESCONDIDO BLVD & 1560-1574 SOUTH
ESCONDIDO BLVD)

Case Numbers: 0873-01-23 and 0875-21

WHEREAS, the City of Escondido ("City") has approved final FY 2013-14 and FY 2014-15 HOME Budgets, that have included mandatory allocations of funds (15% of total allocations) reserved for development activities by Community Housing Development Organizations ("CHDOs") in the total amount of \$65,903 and \$70,560 respectively; and

WHEREAS, the City has approved final FY 2014-15 HOME Budget and the FY 2014-15 Successor Housing Agency Budget, each included funds available for a Request for Proposals for the development of affordable housing; and

WHEREAS, the City anticipates the receipt of additional Successor Housing Agency funds in FY 2015-16 and FY 2016-17 in the form of Educational Revenue Augmentation Fund Loans ("ERAF") repayments in the amount of \$2,704,314; and

WHEREAS, on August 7, 2013, Council authorized the release of a Request for Proposals for the provision of long-term affordable housing, utilizing available Affordable Housing Funds including HOME funds and Successor Housing Agency funds; and

WHEREAS, on November 6, 2013, Council adopted Resolution No 2013-138 authorizing the commitment of \$2,100,000 in HOME and HOME/CHDO funds for the development of affordable housing; and

WHEREAS, the conditions for commitment have not yet been met and will not be met by the commitment expiration on December 31, 2014, making these funds available for commitment to other affordable housing projects; and

WHEREAS, the City desires at this time, and deems it to be in the best public interest to approve the allocations, to defer payment of the City's development fees to the end of the construction of the project, and to authorize the execution of all agreements, loan documents and deeds necessary to provide such funds and property for the provision of affordable housing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council authorizes staff to dedicate FY 2013-14 and FY 2014-15 HOME funds for use by a Community Housing Development Organization ("CHDO") in an amount not to exceed \$1,000,000.

3. That the City Council approves an allocation of an amount not to exceed \$1,000,000 in HOME/CHDO funds to Community HousingWorks (“CHW”) for the provision of affordable housing units.

4. That the City Council approves an allocation of an amount not to exceed \$4,100,000 in HOME and Successor Housing Agency funds to Urban Housing Communities (“UHC”) for affordable housing purposes.

5. That the City Council approves an allocation of an amount not to exceed \$150,000 in current Successor Housing Agency funds and an amount not to exceed \$2,100,000 in future Affordable Housing funds to Solutions for Change for affordable housing purposes.

6. That the Director of Community Development is hereby authorized to execute, on the behalf of the City, in a form approved by the City Attorney, a conditional letter of commitment to facilitate developers receiving leveraged funding.

7. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, in a form approved by the City Attorney, any agreements, loan documents, and deeds necessary to provide such funds for the development of the above affordable housing projects.

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 12
Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Diane Halverson, City Clerk

SUBJECT: Appointments to Historic Preservation Commission and Community Services Commission

RECOMMENDATION:

That the Council ratify the Mayor's appointment to (1) fill an unscheduled vacancy on the Historic Preservation Commission; term to expire March 31, 2016; and (2) fill an unscheduled vacancy on the Community Services Commission, term to expire March 31, 2016.

BACKGROUND:

Following a letter of resignation from Julianna Cherry indicating that she was no longer able to serve on the Historic Preservation Commission, a Notice of Unscheduled Vacancy was duly posted for a 10-day period in accordance with State law and City policy. The list of interested individuals reflects the list of applicants on file in the City Clerk's Office:

♦ Matthew Taylor

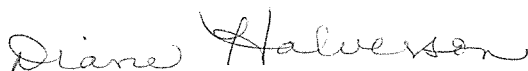
♦ Marc Correll (*serves on the Personnel Board of Review*)

And, following a letter of resignation from Marna Farwell indicating that she was no longer able to serve on the Community Services Commission, a Notice of Unscheduled Vacancy was duly posted for a 10-day period in accordance with State law and City policy. The list of interested individuals reflects the list of applicants on file in the City Clerk's Office:

♦ Kalia Aragon
♦ Patricia Borchmann

♦ Luther Goodson (*serves on Personnel Board of Review*)
♦ Mayra Salazar

Respectfully submitted,



Diane Halverson, CMC
City Clerk

CITY COUNCIL

For City Clerk's Use:

☐

APPROVED

☐

DENIED

Reso No. _____

File No. _____

Ord No. _____

Agenda Item No.: 13

Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Joyce Masterson, Director of Economic Development and Community Relations

SUBJECT: Daley Ranch Restroom Workshop

RECOMMENDATION:

It is requested that Council receive a brief presentation on the plans for the Daley Ranch restroom project and an update on special events at the Daley Ranch House.

FISCAL ANALYSIS:

None

PREVIOUS ACTION:

City Council authorized funding for the restroom project in the amount of \$390,000 in the Fiscal Year 2014-2015 Capital Improvement Budget.

BACKGROUND:

This workshop is intended to provide Council with information on the plans for the new restroom at Daley Ranch, as well as an update on rentals of the Daley Ranch House.

Respectfully submitted,



Joyce Masterson
Director of Economic Development and Community Relations

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 14

Date: October 22, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Public Works Director/City Engineer
Julie Procopio, Assistant Public Works Director/Engineering

SUBJECT: Pavement Maintenance Workshop

RECOMMENDATION:

It is requested that Council receive a brief presentation on the status of the City's Pavement Management program.

FISCAL ANALYSIS:

Included in the CIP Program for Fiscal Years 2013/14 and 2014/15 is an annual budget of \$4.7-Million for Pavement Maintenance and Rehabilitation that is funded through a combination of TransNet and Gas Tax funds.

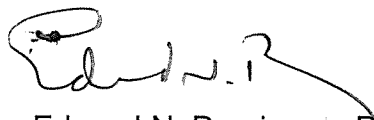
PREVIOUS ACTION:

City Council directed staff to increase the budget for pavement maintenance to \$4.7-Million per year during the March 13, 2013 Pavement Management Workshop to maintain the average Pavement Condition Index.

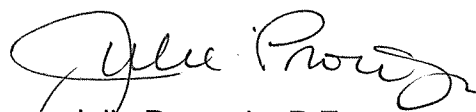
BACKGROUND:

This workshop is intended to provide City Council with information on the current condition of City streets based on the recent pavement condition survey, review work completed since March 2013 and provide information on areas of focus for the FY2014/15 Pavement Maintenance project.

Respectfully submitted,



Edward N. Domingue, P.E.
Public Works Director/City Engineer



Julie Procopio, P.E.
Assistant Public Works Director/Engineering



FUTURE CITY COUNCIL AGENDA ITEMS
October 16, 2014

*AGENDA ITEMS AND COUNCIL MEETING DATES ARE SUBJECT TO
CHANGE. CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617*

October 29, 2014
No Meeting (5th Wednesday)

November 5, 2014
No Meeting

City Manager's WEEKLY UPDATE to City Council

October 15, 2014

ECONOMIC DEVELOPMENT

The links on the City's business web page (<https://www.escondido.org/business.aspx>) have been revised and reorganized to make it easier for businesses to find information.

SPECIAL EVENTS

- Saturday, October 18 - The Escondido Senior Center will host the 8th Annual Community Wellness Expo from 8:30 a.m. to 11:30 a.m. at the Park Avenue Community Center.
- Saturday, October 18 – Bike the Bay Tour – National MS Society bike ride fundraiser. Passes through streets of Escondido in the Harmony Gove – Hale – Avenida del Diablo – Valley Parkway areas. Rules of the road ride, no street closures.
- Sunday, October 19 – Grand Ave Festival (formerly known as the Escondido Street Faire) - Downtown Escondido (9:30 am – 5:30 pm)

COMMUNITY DEVELOPMENT

Planning:

- The Planning Commission (Winton absent) unanimously approved the CUP modification for a proposed simulated pine tree to co-locate panel antennas for an AT&T wireless facility at the Escondido Adult School at 220 W. Crest St.; and approved the modification to the Master Development Plan for the Lowe's Center to allow a freestanding restaurant (5-0-1, Hale abstained). The CUP modification for Redwood Terrace was continued to 10/28/14G.2 PHG 14-0025.
- Major Projects Update:
 - Oak Creek (NUW) – The consultant is preparing draft responses to comments on the Draft EIR, which are anticipated to be submitted for staff review on 10/24/14. The applicant has requested that "EIR Alternative 4 – Reduced Residential Footprint Alternative" be analyzed and brought to hearing as the proposed project for consideration, and submitted a revised tentative map and planned development submittals on 10/09/14. This alternative concentrates the 65 lots into the main development area around the creek.
 - Amanda Lane (NUW) – Staff is reviewing revisions to the draft Mitigated Negative Declaration. The applicant continues to coordinate with Rincon MWD to address water pressure issue.
 - Centerpointe 78 Commercial – The applicant has requested that the preparation of the Draft EIR be put on hold pending resolution of traffic mitigation requirements for direct impacts attributable to the project. At issue is the need for additional right-of-

City Manager's WEEKLY UPDATE to City Council

way and improvements along the Broadway frontage, and associated need to relocate the existing traffic signals in the CalTrans ROW. Additional offsite signal improvements are also anticipated. The applicant feels the costly improvements are regional and warrant a fair share contribution rather than bearing the full cost of construction.

- North Broadway Deficiency Area Projects – The Pickering annexation application has been submitted to LAFCO. The proposed application for the Zenner annexation and the associated 40-unit subdivision at Vista Ave. and Lehner Ave. remains incomplete. Outstanding issues affecting completion of the CEQA analysis include resolution of mitigation measures for offsite traffic impacts (specifically regarding improvements for the Vista/Ash intersection), drainage improvements, resolution of the annexation boundary, development agreement terms, as well as water quality and noise issues.
- Zak Planned Development – Staff is coordinating with the applicant regarding storm water compliance issues and other conditions in anticipation of City Council consideration of the Final Map in November.

Building Division:

- Building had another busy week issuing 71 permits for the week with a total valuation of \$293,031. Most of the permits issued were photovoltaic, tenant improvements, room addition and miscellaneous type permits.
- Inspections and counter contacts have increased with average daily inspections of 25 with 23 on Friday and average daily counter contacts of 32 with 23 on Friday.
- Photovoltaic permits are again dominating the permit activity for the week with 23 permits issued and 11 more in for plan review. Building has issued 561 photovoltaic permits this year.
- Construction activity continues at the Chick-Fil-A at 1290 Auto Parkway.
- Construction activity and inspections are continuing at the Monticello assisted living facilities at 930 Monticello Dr.

CAPITAL IMPROVEMENTS

2013/2014 Street Maintenance Project:

The contractor is preparing to start work on punch list items within the limits of the project.

Maple Street Pedestrian Plaza Modifications:

The contractor placed the new concrete for the pedestrian ramps at four corners of the plaza on Tuesday, October 14. The plaza will be closed to vehicular travel from Grand Avenue starting on October 14 until Friday November 7 to install replacement tiles along the length of the plaza. Access to Parking Lot 1 and the rear of the businesses can be gained by using the

City Manager's WEEKLY UPDATE to City Council

alley entrance on Escondido Boulevard or the driveway entrance on Valley Parkway. All affected business were visited by a Field Engineering representative and the contractors representative to ensure they were properly notified.

Jesmond Dene Ball Field Lights:

Bid openings were held on Thursday, October 9 with the City receiving 4 bids. The apparent low bidder submitted a price in line with the consultant's engineer's estimate. The construction is schedule to be completed within 70 days after Notice to Proceed is issued.

Private Development

County Project - Bear Valley Parkway Widening between Boyle Avenue and San Pasqual Valley Road:

The contractor has started to construct the choker along the eastside of the new roadway alignment. The choker sets the limits of the horizontal and vertical controls of the new surface improvements prior to the placement of any utilities. Electronic message boards have been added north and south of the project limits warning of a construction speed limit of 30 MPH. Please be cautious when driving in the area.

Habitat for Humanity:

The onsite underground improvements were started on Monday, October 6. The new water main has been installed and sewer mains were started on Tuesday, October 14.

PUBLIC SAFETY

Police

- Chief Carter held an eight-hour Management Retreat on Thursday of last week. All management team members were present for some team building, discussion, and planning. The next retreat will be sometime in the first two months of 2015.
- Captain Loarie and POA President Mike Garcia attended the memorial service for Covina Police Department Motor Officer Jordan Corder on Tuesday of last week. The service was attended by about 2,000 law enforcement, family, and community. Officer Jordon Corder died in a collision while on-duty and riding his motorcycle.
- The EPD Traffic Division investigated a double-fatal single car collision in the early morning hours of Sunday. The driver died on the scene and the lone passenger died hours later at the hospital. A News Release was issued by Lt. Justin Murphy.
- West Side Park Kids Day was a success.
- Captain Stuard attended the Annual COPSWest Training and Expo.
- Chief Carter attended the Annual Interfaith Strategic Planning meeting.

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