



AGENDA REPORT

Department: Community Development
Prepared by: David McEachern, Housing Programs Specialist II
Meeting Date: Tuesday, June 3, 2025
Approved by: Scott W. Huth, Interim City Manager

SUBJECT:

Ratification of a Subordination Agreement for an Affordable Housing Density Bonus Development Located at 1628 Orange St.

RECOMMENDATION:

Adopt the Resolution Entitled, "Resolution of the City Council of the City of National City, California, Ratifying a Subordination Agreement with Orange St. Partners, LLC, a California Limited Liability Company, and ARV Finance Inc., Subordinating the Performance Deed of Trust to the Lender Deed of Trust and Subordinating the Lender Deed of Trust to the Affordable Housing Density Bonus Agreement for 1628 Orange St. in National City."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

The Density Bonus Agreement was approved by the City Council on January 17, 2023, as Resolution No. 2023-01.

EXPLANATION:

On January 17, 2023, the City Council approved by Resolution 2023-01 a Density Bonus Agreement ("Agreement") that obligates Orange St. Partners, LLC ("Developer") to restrict one (1) unit as affordable to very low-income households for fifty-five (55) years. A Performance Deed of Trust was recorded to secure the Agreement on the property.

Developer has secured refinancing for the development with ARV Finance Inc. ("Lender"). This Subordination Agreement (Exhibit "A") will ensure that the Agreement will remain superior to the Lender Deed of Trust, and the Performance Deed of Trust will be made subordinate and subject to the Lender Deed of Trust. Due to the necessity of securing the financing swiftly, the Subordination Agreement was signed by the City Manager on April 28, 2025, and is being taken to the City Council for ratification on June 3, 2025.

FINANCIAL STATEMENT:

The Housing Authority collected a Subordination Fee of \$375.00 to cover legal fees and staff time.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Housing and Community Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A - Recorded Subordination Agreement

Exhibit B - Resolution