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# CITY OF POMONA COUNCIL REPORT

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November 18, 2024

To: Honorable Mayor and Members of the City Council

From: Anita Gutierrez, City Manager

Submitted By: Kirk Pelsler, Economic Development Director

**SUBJECT: AUTHORIZATION TO ENTER INTO A DEVELOPMENT IMPACT FEE DEFERRAL AGREEMENT ON BEHALF OF THE CITY FOR THE MAIN & HOLT AFFORDABLE HOUSING PROJECT**

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## **RECOMMENDATION:**

- 1) It is recommended that the City Council adopt the following Resolution No. 2024-119 (Attachment No. 1):

**RESOLUTION NO. 2024-119 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A DEVELOPMENT IMPACT FEE DEFERRAL AGREEMENT OF APPROXIMATELY \$3,000,000 FOR A 100% AFFORDABLE HOUSING PROJECT ON BEHALF OF THE CITY FOR THE MAIN & HOLT HOUSING PROJECT**

- 2) Authorize the City Manager to execute the Development Impact Fee Deferral Agreement and all necessary associated documents, in substantially the form submitted herein, and authorize non-substantive changes with approval by the City Manager and City Attorney.

## **EXECUTIVE SUMMARY:**

Holt & Main, LP, a California limited partnership (Developer) is a project specific affiliate of the Meta Housing Corporation and proposes to develop Main & Holt (Proposed Project) a 158 -unit 100% affordable housing development at 221 W. Holt Avenue, with two manager unit not subject to affordable restrictions. The project is subject to the City adopted schedule of Development Impact Fees (DIF's) in the amount of approximately \$3.0 million. Upon adopting new DIF's in 2021 via Ordinance 4309, the City Council allowed for the deferral of DIF's for housing projects

that include 100% affordable units for low and very low income households and such deferral shall require the execution of an agreement acceptable to the City that contains terms to guarantee the final payment of the fees deferred. Accordingly, the Developer requests to defer the project related DIF's across a loan period of 55 years as found in the Exhibit A (Agreement) to Attachment No.1.

**SB1439/GOVERNMENT CODE §84308 APPLICABILITY:**

When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$250 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

**FISCAL IMPACT:**

This proposed Loan Agreement would treat an amount not to exceed \$3.0 million of DIF's associated with the project as a loan. The current estimated amount is \$2,966,260, which may be adjusted slightly upon finalization of the building permit valuation. Simple annual interest of 3.0% will apply to the final principal loan amount (not to exceed \$3.0 million ) and will be payable at the end of the 55-year affordable housing covenants associated with the project, or upon an earlier refinancing of the project. The 55-year term is a requirement of the TCAC guidelines. The Developer may make annual payments towards the principal loan amount if sufficient residual receipts, as determined by the Developer, are generated by the project.

**DISCUSSION:**

The Developer acquired the approximately one acre Proposed Project subject site in July 2024 and has obtained all City of Pomona entitlements needed to proceed with the project, which will provide 159 residential units in a five story configuration (Attachment No. 2). As with nearly all affordable housing projects, many layers of financing are needed in order for a project to be feasible, and this typically includes some form of substantial tax credit and/or grant allocation from the State of California. The Deferment of the project related DIF's would become a leveraging source for the Developer as they apply for Tax Credits and Bonds in 2025.

Upon adopting new DIF's in 2021 via Ordinance 4309, the City Council allowed for the deferral of DIF's for housing projects that include 100% affordable units for low and very-low income households and such deferral shall require the execution of an agreement acceptable to the City that contains terms to guarantee the final payment of the fees deferred.

**COUNCIL PRIORITIES & GOALS:**

City Council Priority 2: Economic Development – Goal J: Encourage the development and maintenance of quality housing opportunities for all.

Prepared by:

Kirk Pelser

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Economic Development Director

**ATTACHMENT(S):**

**Attachment No. 1** - Resolution No. 2024-119 with Exhibit A- Development Impact Fee Deferral Agreement

**Attachment No. 2** - Project Site Plans