



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 07/18/06  
AGENDA ITEM 9  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
**FROM:** Director of Community and Economic Development  
**SUBJECT:** Approval of Loan of HOME Funds to Eden Housing Inc. for Renovation of Huntwood Commons Apartments

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolutions approving a loan of \$840,000 in HOME funds for Eden Housing, Inc. (EHI) to undertake renovations at Huntwood Commons Apartments and authorizing the City Manager to execute necessary documents.

**BACKGROUND:**

Huntwood Commons is a 40-unit rental housing complex that primarily serves very low and low income families, located at 27901 Huntwood Avenue in Hayward. It was developed by EHI in 1987 with a variety of local and federal resources and private capital. Huntwood's units include:

- Twelve, one bedroom units;
- Twenty, two bedroom/two bath units; and
- Eight, three bedroom/two bath units.

The variety of funding sources and associated regulations has led to a patchwork of affordability requirements at various income levels. In addition, as the property approaches 20 years of use, major rehabilitation is needed. The syndication of the current private investment is tied to Low Income Housing Tax Credits and the tax credit compliance period has ended. The syndication partnership agreement obligates EHI to purchase the limited partner's interest at the cost of \$45,000 plus assumption of the existing debt. Exercising this option will open the opportunity for the development to revert to nonprofit ownership and the HOME funds will allow EHI to renovate the property, deepen the income levels served, and extend the remaining affordability term scheduled to end in 2017, to 2061.

On November 1, 2005, the Cowell Foundation awarded \$45,000 to EHI for the exercise of its purchase option. In addition, the City has been awarded a Workforce Housing Grant for \$175,500 from the California Department of Housing and Community Development for use at Huntwood. Staff is recommending a loan from federal HOME Investment Partnership monies that the City obtains through its membership in the Alameda County HOME Consortium. The HOME Program is primarily designed to assist local governments to work with nonprofit housing development organizations to construct new affordable housing and/or to acquire and rehabilitate housing developments to ensure long-term affordability. The City currently has sufficient HOME grant and program income funds available to finance this loan. Because these

funds originate from HUD and reside in the Consortium's Line of Credit, the City does not actually receive the funds until it identifies an affordable housing project and appropriates the funds. In order to ensure that the rents will be as low as possible, the loan to EHI will be fully deferred with a three percent interest rate. The loan term will be for 55 years which is the standard term of the HOME Regulatory Agreement.

As noted previously, the \$840,000 loan will be used renovate this affordable housing development and will pay for most of the hard costs of such renovation, including the following items:

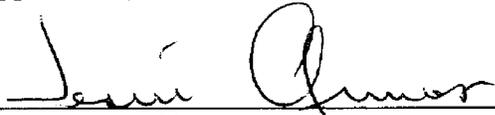
- Reroofing all buildings and replacing gutters
- Exterior painting of all buildings
- Lighting and security upgrades
- Kitchen and bath improvements
- Landscaping/tree trimming and irrigation repairs
- Fencing, siding & balcony repairs

Staff recommends that Council adopt the attached resolutions authorizing and appropriating the expenditure of HOME funds for this project, authorizing the City Manager to execute necessary documents so that EHI can complete the roof replacement before the rains start in the winter of 2006-07.

Recommended by:

  
Sylvia Ehrental  
Director of Community and Economic Development

Approved by:

  
Jesús Armas, City Manager

Resolutions

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

**RESOLUTION APPROVING A LOAN OF IN HOME FUNDS  
FOR EDEN HOUSING, INC. TO UNDERTAKE  
RENOVATIONS AT HUNTWOOD COMMONS  
APARTMENTS AND AUTHORIZING THE CITY MANAGER  
TO EXECUTE NECESSARY DOCUMENTS**

WHEREAS, Eden Housing, Inc., (EHI) developed Huntwood Commons, a 40-unit rental housing complex located at 27901 Huntwood Avenue in 1987 to primarily serve very low and low income families; and

WHEREAS, the variety of funding sources and associated regulations resulted in the need to amend the affordability requirements at various income levels; and

WHEREAS, as the property approaches 20 years of use, major rehabilitation is needed; and

WHEREAS, the syndication partnership agreement obligates EHI to purchase the limited partner's interest at the cost of \$45,000 plus assumption of the existing debt which will provide the opportunity for the development to revert to nonprofit ownership and HOME funds will allow EHI to renovate the property, deepen the income levels served, and extend the remaining affordability term, scheduled to end in 2017, to 2061; and

WHEREAS, On November 1, 2005, the Cowell Foundation awarded \$45,000 to EHI for the exercise of its purchase option; and

WHEREAS, the City of Hayward has been awarded a Workforce Housing Grant for \$175,5000 from the California Department of Housing and Community Development for use at Huntwood; and

WHEREAS, staff is recommending a loan from federal HOME Investment Partnership monies that the City obtains through its membership in the Alameda County HOME Consortium, a program that is primarily designed to assist local governments to work with nonprofit housing development organizations to construct new affordable housing and/or to acquire and rehabilitate housing developments to ensure long-term affordability.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the expenditure of \$840,000 from HOME funds to Eden Housing, Inc. is hereby approved and the City Manager is hereby authorized and directed to negotiate and execute any and all documents necessary to complete the transaction.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward