



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 02/06/07
AGENDA ITEM 4
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
FROM: Director of Community and Economic Development
SUBJECT: Approval of Subordination Agreement – C & Grand Senior Housing, and Modification of Agency Loan Terms

RECOMMENDATION:

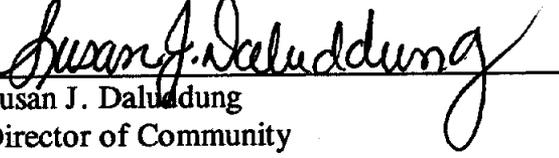
It is recommended that the Agency Board adopt the attached resolution authorizing the subordination of the Agency Regulatory Agreement to certain private bank financing and modifying the terms of the Agency's \$507,000 loan from the Low and Moderate Income Housing Fund.

BACKGROUND:

In order to meet its inclusionary housing requirement for its Cannery Area housing development, Citation Homes is contributing a 1.4-acre property at the northwest corner of C and Grand Street to Eden Housing, Inc. Eden intends to construct a mixed-use development consisting of 60 units of housing, 59 of which will be affordable to low and moderate income seniors, and 12,500 square feet of office for use as Eden's main office. Eden plans to record a condominium map in order to separate the office portion of the development from the Senior Citizen Housing, for financing and ownership purposes.

The housing construction will be financed primarily with a loan from Wells Fargo Bank and by an investor partner who will receive low-income housing tax credits. The tax credit partner, which is Union Bank, will be investing approximately \$5.1 million into the project during construction and another \$7 million upon completion, for a total of \$12.1 million invested in the project. The Wells Fargo Bank loan for the housing development will be approximately \$7.3 million during construction, paid down to \$1,728,000 as a mortgage loan upon completion. In addition, the Redevelopment Agency is providing a construction loan as discussed below. The office portion of the development will be financed with Eden's own equity, funds provided by Citation Homes, and a construction loan from Wells Fargo Bank that will be paid down to a \$700,000 permanent loan upon the sale of Eden's existing office building on Jackson Street. The appraisal for the office development indicates that the value of the office is approximately \$1,620,000.

Recommended by:


Susan J. Daludung
Director of Community
and Economic Development

Approved by:


Jesús Armas, City Manager

Attachment: Resolution

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- _____

Introduced by Agency Member _____

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2/1/07

RESOLUTION AUTHORIZING SUBORDINATION OF AGENCY REGULATORY AGREEMENT TO INSTITUTIONAL FINANCING

WHEREAS, Eden Housing, Inc. ("Eden Housing"), intends to construct a mixed-use development at the northwest corner of C Street and Grand Street which consists of fifty-nine (59) units of housing for low and moderate income seniors and 12,500 square feet of office space (the "Project"), with a condominium map separating housing and office portions of the Project, for ownership and financing purposes; and

WHEREAS, the housing portion of the Project is proposed to be financed primarily with a loan from Wells Fargo Bank, funds provided by an investor partner and a loan from the Redevelopment Agency; and

WHEREAS, the office portion of the Project is proposed to be financed with Eden Housing's own equity, funds provided by Citation Homes and a construction loan from Wells Fargo Bank; and

WHEREAS, on July 18, 2006, the Agency Board approved a loan of Redevelopment Low and Moderate Income Housing Funds to Eden Housing in the amount of Five Hundred Seven Thousand Dollars (\$507,000) (the "Agency loan") to assist in financing the housing portion of the Project;

WHEREAS, because the appraised value of the office portion of the Project well exceeds its institutional financing, the Agency loan will be secured by the office portion of the Project; and

WHEREAS, a Regulatory Agreement containing occupancy restrictions will be recorded by the Agency and the City against the housing portion of the Project, which Wells Fargo is requiring be subordinated to the deed of trust securing the housing construction and permanent loan from Wells Fargo Bank, for a period of fifteen and one-half years.

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency Board of the City of Hayward hereby authorizes the subordination of the Agency Regulatory Agreement to institutional financing for the Eden Housing Senior Housing development at C and Grand

Streets, for a period not to exceed fifteen and one-half years, and directs the Executive Director to negotiate and execute all documents necessary to effect said subordination of the Agency Regulatory Agreement, in a form to be approved by the Agency's General Counsel.

HAYWARD, CALIFORNIA _____, 2007

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____

Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel