



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

AGENDA DATE 04/17/07  
AGENDA ITEM 4  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
Redevelopment Agency Board Members

**FROM:** Director of Community and Economic Development

**SUBJECT:** Approval of a Loan to Eden Housing, Inc. for Roof Replacement at Villa Springs Apartments

**RECOMMENDATION:**

It is recommended that the Agency Board adopt the attached resolution authorizing a loan to Eden Housing, Inc. (Eden) and appropriating \$250,000 for this purpose.

**DISCUSSION:**

Eden has requested a \$250,000 loan from the Redevelopment Agency for the purpose of replacing the roofs of the buildings at Villa Springs, a 66-unit apartment complex located in the South Garden area of Hayward. The property was acquired by Eden in 1991 with various State housing funds, including two loans from the California Housing Finance Agency (CalHFA). Originally constructed in two phases in the 1960's and 1970's, the complex consists of six two-story buildings: 1 one-bedroom apartment, 62 two-bedroom apartments, and 3 three-bedroom apartments. Present affordability covenants on the property require that 51 of the 66 apartments are affordable to lower income households (households earning no more than 80% of Area Median Income).

A Physical Needs Assessment carried out in 2002 recommended a substantial rehabilitation of the property. Because the project's replacement reserves and rents have not been sufficient to perform such rehabilitation, Eden has been seeking alternatives to pay for major repairs, including a refinancing of the CalHFA loans. However, Eden has determined that syndication of the project with 4% tax credits is the only refinancing solution that can provide the funds required for a major rehabilitation.

Refinancing the property with 4% tax credits will require restructuring the ownership of the property, applying for and obtaining the 4% credits and tax-exempt bonds, and restructuring the existing debt. Eden will not be able to meet all these requirements until next year. In the meantime, the buildings' roofs need to be replaced urgently – prior to the next rainy season.

By providing a loan for the replacement of the roofs, the City will assist Eden to continue to provide high quality affordable housing in the community and maintain a high standard for

other properties in the South Garden Area. Eden currently believes it will not require local assistance when the major rehabilitation work is carried out next year. Addressing the roof replacements this year will decrease the costs of next year's overall rehabilitation project.

Last year's Agency Annual Report projected a surplus of approximately \$510,000 for FY 06-07 from the Low and Moderate Income Housing Fund. This surplus must be committed by the end of the current fiscal year, June 2007, for the acquisition, rehabilitation or construction of housing for low and moderate-income households. The loan to Eden will partly offset the surplus. Staff plans to present recommendations on use of all excess funds by the end of the current fiscal year.

Staff therefore recommends that the Agency Board approve a loan to Eden Housing for this project from the Agency's Low and Moderate Income Housing fund in the amount of up to \$250,000 to cover the cost of replacing the roofs and other property repairs and soft costs. As proposed, the loan would have a term of 55 years and carry a 3% annual deferred interest rate. The principal loan balance plus interest would be due at the end of the loan term, or upon sale of the property. This loan would be subordinate to other primary institutional or government loans, if required. Eden will be required to continue to operate the project as affordable for an additional 55-year term, which will survive the present lenders' affordability requirements. The City will require that 14 of the two-bedroom units that are presently unregulated, be made affordable to low-income households.

As of the date of this report the following is the project's count of units by type and affordability:

	Very Low	Low	Unregulated	Manager's Unit	Totals
One-bedroom unit	1				1
Two-bedroom unit	14	33	14	1	62
Three-bedroom unit		3			3
<b>Totals</b>	<b>15</b>	<b>36</b>	<b>14</b>	<b>1</b>	<b>66</b>

By requiring Eden to regulate 14 of the currently-unregulated two-bedroom units the project's count of units by type and affordability would be as follows:

	Very Low	Low	Manager's Unit	Totals
One-bedroom unit	1			1
Two-bedroom unit	14	47	1	62
Three-bedroom unit		3		3
<b>Totals</b>	<b>15</b>	<b>50</b>	<b>1</b>	<b>66</b>

The City and Eden will enter into a Regulatory Agreement memorializing typical operation, occupancy, maintenance and the new affordability requirements for the project.

Staff further recommends that the Agency Board approve a total appropriation of \$250,000 from the Agency's Low and Moderate-Income Housing Fund for the purpose of making the loan.

Prepared by:

*Omar Cortez*

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for

Maret Bartlett  
Redevelopment Director

Recommended by:

*Susan J. Daluddung*

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Susan J. Daluddung, Ph.D.  
Director of Community and Economic Development

Approved by:

*Jesús Armas*

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Jesús Armas  
City Manager

Resolution

**DRAFT**

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**

**RESOLUTION NO. RA- 07-**

**Introduced by Commissioner \_\_\_\_\_**

**RESOLUTION AUTHORIZING A LOAN TO EDEN HOUSING, INC., FOR ROOF REPLACEMENT AND OTHER REPAIRS AT VILLA SPRINGS APARTMENTS**

WHEREAS, Eden Housing, Inc., (EHI) has requested a \$250,000 loan from the Redevelopment Agency for the purpose of replacing the roofs and other repairs at Villa Springs Apartments, a 66-unit apartment complex in the South Garden area consisting of 1 one-bedroom unit, 62 two-bedroom units and 3 three-bedroom units, 65 of which are required to be made affordable to lower income households; and

WHEREAS, a Physical Needs Assessment in 2002 recommended substantial rehabilitation of the property which was constructed in two phases in the 1960s and 1970s; the project's replacement reserves and rents have not been sufficient to perform the rehabilitation requiring EHI to seek alternatives to pay for the necessary repairs; and

WHEREAS, EHI has determined that refinancing the property with 4% tax credits is the only solution that can provide the funds required for a major rehabilitation; and

WHEREAS, refinancing the property will require restructuring ownership, applying for and obtaining the credits and tax-exempt bonds and restructuring the existing debt which will not be concluded until next year; and

WHEREAS, the roofs are in urgent need of replacement prior to the next rainy season which, due to the restructuring process, will not be possible without a loan from the Redevelopment Agency; and

WHEREAS, staff recommends approval of a loan to EHI in the amount \$250,000 to replace the roofs and other repairs at Villa Springs Apartments in order to serve the immediate repairs and decrease the costs of the overall rehabilitation project next year.

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Agency Board of the City of Hayward, that the Executive Director is hereby authorized and directed to negotiate and execute a loan to Eden Housing, Inc., for replacement of the roofs and other repairs at Villa Springs Apartments, in an amount not to exceed \$250,000, in form to be approved by the General Counsel.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2007

ADOPTED BY THE FOLLOWING VOTE:

AYES:            AGENCY MEMBERS:  
                         CHAIR:

NOES:            AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Redevelopment Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA 07-

Introduced by Agency Member \_\_\_\_\_

*me*  
*4/11/07*

RESOLUTION AMENDING RESOLUTION RA 06-15, AS AMENDED, THE REDEVELOPMENT BUDGET RESOLUTION FOR FISCAL YEAR 2006-2007, RELATING TO AN APPROPRIATION OF FUNDS FROM THE REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND, FUND 452 FOR REPLACEMENT OF THE ROOF AND OTHER REPAIRS AT VILLA SPRINGS APARTMENTS

BE IT RESOLVED by the Redevelopment Agency that Resolution No. RA 06-15, as amended, is further amended by appropriating \$250,000 from the Redevelopment Agency's Low and Moderate Income Housing Fund, Fund 452, for replacement of the roof and other repairs at Villa Springs Apartments.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2007

ADOPTED BY THE FOLLOWING VOTE:

AYES:            AGENCY MEMBERS:  
   CHAIR:

NOES:            AGENCY MEMBERS:

ABSTAIN:        AGENCY MEMBERS: None

ABSENT:         AGENCY MEMBERS: None

ATTEST: \_\_\_\_\_

Secretary of the Redevelopment Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel