

DATE: October 6, 2009

TO: Mayor and City Council

FROM: Redevelopment Director

SUBJECT: Authorize Issuance of Tax-Exempt Multi-Family Housing Revenue Refunding Bonds (Tennyson Gardens) 2009 Series A and Approval of the Execution of Related Documents, and Approval of a \$1,500,000 Redevelopment Agency Loan for Rehabilitation of Tennyson Gardens

RECOMMENDATION

That the City Council:

- Adopts the attached resolution authorizing the issuance of Multi-Family Housing Revenue Refunding Bonds (Tennyson Gardens) 2009 Series A to assist in the transfer of a portion of the ownership interest, and to refinance and rehabilitate Tennyson Gardens Apartments by a partnership (The Partnership) of which Eden Housing, Inc. will become the general partner;
- Authorizes the City Manager to execute implementing documents in connection with the proposed issuance;
- Approves a \$1,500,000 loan to the Partnership for the Project; and
- Authorizes the appropriation of \$1,500,000 from the Redevelopment Agency (The Agency) Low and Moderate-Income Housing (Low-Mod) Funds (fund 452) to provide the Partnership a loan for the Project.

BACKGROUND

During a February 17, 2009 work session, strategies to address home foreclosures and affordable housing proposals were presented to the City Council. As part of that report, staff discussed a proposal by Eden Housing, Inc (“Eden”) to acquire a partnership interest in Tennyson Gardens, and the funding of additional rehabilitation of the property. Tennyson Gardens is a 96-unit affordable rental complex located at 981 W. Tennyson Road -west of Tyrrell Avenue- that was acquired and rehabilitated in 2001 by a partnership including Preservation Partners (Preservation) as the general partner. The acquisition utilized tax credits, affordable housing mortgage revenue bonds, and an \$800,000 HOME loan from the City. The HOME loan has been repaid.

As explained to Council in February, due to Preservation’s desire to sell its partnership interest in the property as a result of current and anticipated costs overruns, Eden conducted an inspection of the property to evaluate the feasibility of acquiring Preservation’s interest. Eden’s inspection

indicated that the property needed immediate improvements, including dry rot repairs, security upgrades, and repairs to walkways, carports, and elevators. In view of several considerations, including the importance of the property as part of other initiatives to stabilize the neighborhood, Eden became interested in acquiring Preservation's interest in the property and in addressing the property's rehabilitation needs. Eden believes that addressing those needs and enhancing the management will improve the property's operating performance and, therefore, ensure its long-term affordability and viability.

In order to achieve the above goal, Eden has requested a loan from the Agency in the amount of \$1,500,000 from its Low-Mod funds. In addition, Eden and the credit enhancer for the outstanding bonds, U.S. Bank National Association, have requested the City to refund the bonds issued in 2001 in connection with the acquisition and rehabilitation of the property that made possible its conversion into housing affordable for low-income Hayward families. The refunding is necessary to accommodate a new debt structure. The following is a chart which summarizes the financial structure of the proposed Tennyson Gardens refinancing.

Tennyson Gardens Refinancing Structure

SOURCES OF FUNDS		Hayward RDA Loan	New Permanent Loan	New Limited Partner Equity	Existing Reserves and Operating Income
TOTAL SOURCES	\$ 8,644,285	\$ 1,500,000	\$ 5,021,264	\$ 450,000	\$ 1,673,021
USES OF FUNDS					
Refinance Existing Bonds and Other Loans	6,617,630		4,874,760	450,000	1,292,870
Lender Legal/Appraisal/Inspection Fees	58,630				58,630
Carryforward Operating Reserves	202,000				202,000
Trustee, Remarket/Rating Agent - Existing Bonds	20,000				20,000
Interest on Existing Bonds/Tax/Insurance Impounds	129,521		50,000		79,521
Title and Recording	25,000		5,000		20,000
Legal/Financial Advisor/Admin. Fees	151,504	60,000	91,504		
Immediate Rehabilitation Needs	1,040,000	1,040,000			
Agency Replacement/Operating Reserves	400,000	400,000			
TOTAL USES OF FUNDS/ PROJECT COSTS	\$ 8,644,285	\$ 1,500,000	\$ 5,021,264	\$ 450,000	\$ 1,673,021

DISCUSSION

I. Agency Low-Mod Funds Loan and Proposed Uses of Funds

The proposed term of the \$1.5 million Agency loan will be 40 years. The Agency loan will carry a 3% simple interest rate compounded annually. The Partnership will be required to make payments from 66% of the project's residual receipts, which equals the project's cash flow minus payment of primary financing debt and operating costs. Loan payments will be applied first towards the outstanding loan interest, and then to principal. The Agency loan balance would be due immediately upon a refinancing that exceeds the outstanding debt, a sale of the property, or at the end of the 40-year period.

The deed securing the Agency loan will be junior to the liens of the bond mortgage. In the future, Eden would be allowed to resyndicate the existing tax credits on the property and/or to refinance the bond loan to obtain a better interest rate, in which case the Agency would need to resubordinate its deed of trust to a new loan for no more than the outstanding debt.

If the Agency loan is approved, the Agency and the new Partnership will enter into a Regulatory Agreement. This agreement will memorialize the operation, occupancy, maintenance, and affordability requirements for Tennyson Gardens, and will remain recorded on the property to ensure that the Partnership complies with the affordable requirements for 55 years. The term of the Agency affordability requirements for this project will be longer than the term of the Agency loan so that the term of Agency Regulatory Agreement coincides with the term of the existing bond regulatory agreement.

The Agency Regulatory Agreement will necessarily be subordinate to the loans and encumbrances evidencing the bond loan; however, it should be noted that the tax credits and bonds also have Regulatory Agreements requiring that the units be maintained and rented at affordable rents. The Agency would also enter into a Loan Agreement and record other loan documents to evidence additional Agency Low-Mod funds requirements. Staff has determined that economically feasible alternative financing, comparable to the bond loan, but not requiring subordination of the Agency Regulatory Agreement, is not available at this time.

The current affordability requirements on the property stemming from the previous City HOME loan will continue to regulate the use and operation of the property, but will be modified and incorporated into the new Agency Regulatory Agreement in order to reduce redevelopment dept monitoring obligations. It should be noted that the City is prohibited from using HOME funds to make a second loan for this property. The current unit affordability mix of the property is as follows:

Unit Type	Very Low Income (50% of AMI*)	Low Income (60% of AMI)	Manager's Unit	Totals
1 bedroom	7	16	1	24
2 bedroom	14	34		48
3 bedroom	7	16	1	24
Total	28	66	2	96

*AMI: Area Median Income

Eden proposes to use the Agency loan funds to meet the Lender requirements to establish a City-controlled Operating Reserve Account in the amount of \$400,000 to fund five years of operating and replacement reserves. Approximately \$100,000 will be used to pay for soft costs associated with the transfer of the Partnership and bond issuance. The remaining \$1 million will be used to pay for the rehabilitation of the property. The improvements and repairs will consist of:

- Security upgrades such as installation of cameras and adding and redesigning fences and gates – particularly on the north side of the property adjacent to Forselles Way
- Trimming and removal of trees
- Elevator maintenance
- Dry rot and siding repairs throughout the property, ADA improvements, and pavement repairs in the carports areas.
- Replacement of parapet
- Plumbing repairs and new water heaters as needed
- Remodeling and upgrade of the Office/Community Building

The housing project is located outside of the Agency's Project Area. Under Health and Safety Code Section 33334.2 (g), the Agency is authorized to use Low-Mod funds outside of the Project Area if the Agency Board and City Council determine that such use will be of benefit to the Project Area. Staff has determined that the \$1.5 million Agency loan to Tennyson Gardens will be of benefit to the Project Area because the Agency loan will be utilized to preserve and improve existing affordable units available to City residents, including residents within the Project Area.

II. The Refunding Bonds

Eden has requested that the City issue refunding mortgage revenue bonds in a total amount not to exceed \$5,500,000 in order to refinance the acquisition and rehabilitation of the property. The refunding bonds will have the same or a shorter maturity than the existing bonds. The notable change will be that the refunding bonds will be structured as a private placement to U.S. Bank National Association replacing the current publicly held bonds enhanced by a U.S. Bank letter of credit. Other changes include the reduction of the aggregate principal amount of the outstanding bonds, and the establishment of a fixed-interest rate for the new loan.

The bonds will be secured by a first deed of trust on the property. Eden has accepted a proposal from U.S. Bank National Association to purchase all the bonds. The Master Pledge and Assignment Agreement between the City and U.S. National Association, as the City's agent and holder of the bonds, provides that the City is not liable to make bond payments under any circumstances. Payment of the bond principal and interest is solely from the project revenues. Thus, the City is free of any responsibility or obligation to pay principal or interest on the bonds, and the City's credit worthiness is not involved in or affected by this transaction.

The attached bond resolution authorizes the City Manager to execute the associated bond documents. The resolution also names the law firm of Jones Hall, A Professional Law Corporation, as bond counsel and CSG Advisors as financial advisor to the City in connection with the issuance of the bond's.

If the City Council approves the attached resolution, the financing will be scheduled to close on or about November 1, 2009. The rehabilitation work is expected to commence soon after, and to be completed in early 2010.

III. Considerations for Recommendation

City staff, with the assistance of CSG, has considered several factors to determine the appropriateness of the assistance requested by Eden:

- A. A Physical Needs Assessment (PNA) of the property. A PNA is a study conducted by a licensed contractor to determine the condition of the property with emphasis on the short and long-term rehabilitation needs of the plumbing, mechanical, electrical, and other major systems. The study prepared by Professional Associates Construction Services, Inc. on June 3, 2009, corroborated the estimated assessment of the condition of the property by Eden staff.
- B. Inspection of the Property by City staff. Staff also conducted a physical inspection of the property and interviewed the current property manager. Staff's inspection corroborated the assessment of the property by both Eden and the contractor. However, City staff has requested Eden to include modifications to the scope of work mainly to improve the security of the property, which seems to be the primary issue affecting the residents of Tennyson Gardens. Among staff requests are lighting improvements and design modifications around certain areas such as the numerous gates and fencing around the entrances to the complex and the area north of the building across Forselles Way. In addition, the City will request that Eden re-hire a services coordinator to staff the community room, which position has been lately held by Ms. Betty DeForest. Finally staff is confident that the high quality management practices, including rigorous tenant screening and "home office support" from the locally-based Eden Management, Inc., will further improve the property's operating performance.
- C. The New Terms of the Loan from the Lender, U.S. Bank National Association. Staff and CSG have evaluated the Lender's loan commitment and concluded that the new terms of the loan will improve the viability of the project by: a) setting a fixed-interest repayment rate, b) requiring lower payments towards principal, and c) allowing Eden to use the existing project reserves to pay down the current loan balance; therefore reducing the gross loan amount by approximately \$1 million.
- D. Preservation Partners' Contribution. During their ownership of the property, Preservation Partners paid down the City's \$800,000 HOME loan, continued to perform repairs to prevent deterioration, used their own funds to improve the property, and has continued to meet their financial obligations in connection with the property. Unfortunately, the Development experienced numerous changes in on-site management, and there have been ongoing issues in security and tenant turnover. In addition, Preservation has agreed on transferring its General Partnership interest and Purchase Option on the property to Eden for \$0 (zero dollars).

- E. The Limited Partner (Investor) Contribution. During Preservation's ownership, U.S. Bank Affordable Housing CDC, Preservation's Limited Partner has continued to invest funds to help Preservation to continue to upkeep and operate the property, and meet its financial obligations. In addition, U.S. Bank Corp CDC will contribute an additional \$450,000 for the Project.
- F. Eden's Contribution. Finally, Eden has conducted its due diligence, performed feasibility analyses, and evaluated the rehabilitation assessment of the property using its own resources. More importantly, Eden has agreed to acquire Preservation's interest in the property and to rehabilitate it *without* charging the developer fee, which might otherwise amount up to 10% of the total development budget. For this Project, that amount could be over \$800,000.

In light of all the above considerations, staff is recommending the approval of a loan from the Agency Low-Mod funds in the amount of \$1,500,000 and the issuance of Multi-Family Housing Revenue Refunding Bonds refinancing for the Acquisition and Rehabilitation of Tennyson Gardens Apartments.

FISCAL IMPACT

The Low-Mod fund account currently has a FY 2009 ending year balance of approximately \$11 million. Although the Agency has recently made a conditional \$7.1 million commitment to the affordable housing component of the South Hayward BART proposed housing development, staff anticipates that this will be a multi-year commitment, and estimates that there will be sufficient funds to undertake this Project and fund the \$1.5 million loan for Tennyson Gardens. In summary, the following table outlines the estimated impact of the proposed loan on the Low-Mod fund:

Low-Mod Fund Revenues:

Low-Mod Fund 452 End of Year 2009 Balance	\$11,034,000
Projected FY 2010 Revenues, Fund 452	<u>2,340,000</u>
FY 2010 Total Estimated Low-Mod Funds Available	\$13,374,000

Low-Mod Fund Expenditures:

FY 2010 Budget Transfers to Low-Mod Fund "Capital Projects"	5,000,000
Tennyson Gardens - \$1,500,000	
South Hayward BART - \$1,000,000	
Route 238 - \$2,000,000	
Habitat for Humanity Olympic Site, Or other - \$500,000	
All other FY 2010 Budgeted Expenditures	1,415,000
(includes Minor Home Repair, First Time Homebuyer programs)	
Projected FY 2010 ERAF Payment from Low-Mod Fund	<u>2,113,000</u>
Total FY 2010 Estimated Expenditures	\$8,528,000
Projected FY 2010 Year-End Low-Mod Fund 452 Balance	\$4,846,000

Staff will present a report to the Agency Board later this month regarding further effects of the recent State legislation (Educational Revenue Augmentation Fund, ERAF) on the Agency tax increment revenues and the Agency's budget.

In the past, Council has approved loans for the acquisition and/or rehabilitation of other affordable housing developments ranging from \$750,000 for the seismic retrofit of the Majestic, to over \$1 million for the rehabilitation of Huntwood Commons Apartments. This loan represents an average Agency funding amount, has the benefit of enabling a local developer, Eden, to undertake the urgently needed security upgrades, rehabilitation needs, and address the property's management issues.

PUBLIC CONTACT

Due to the fact that the Tennyson Gardens is already an affordable development, the Agency will not need to comply with the requirements of the Article XXXIV of the California Constitution if further affordability requirements were required by the Agency. Also, because, as mentioned above, neither the term nor the average maturity of the bonds are being extended, the City will not need to hold a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing to issue the refunding bonds. Finally, because Tennyson Gardens is located outside the Agency's Project Area and Council resolution adopted on October 22, 1991 concluded that Low-Mod funds spent to create affordable housing outside the project area will also benefit the project area, no further public contact is required to provide the \$1.5 million Low-Mod funds loan to the Partnership.

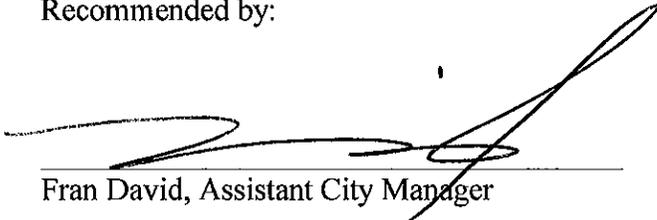
NEXT STEPS

Upon approval of the loan, the Agency will start to negotiate the Regulatory Agreement and other loan and bond documents to evidence the affordability and related requirements of the Agency and bond loans. No further action is required from Council during staff's negotiation of the loan documents with Eden.

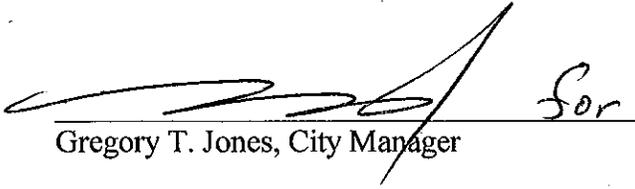
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Fran David, Assistant City Manager

Approved by:

 *for*
Gregory T. Jones, City Manager

Attachments:

Draft Resolutions

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

Mal
9/29/09

RESOLUTION OF THE CITY OF HAYWARD AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF CITY OF HAYWARD MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (TENNYSON GARDENS APARTMENTS) 2009, SERIES A, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER PLEDGE AND ASSIGNMENT, A MASTER AGENCY AGREEMENT AN AMENDED AND RESTATED REGULATORY AGREEMENT AND REFUNDING INSTRUCTIONS, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND APPROVING OTHER RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Housing Law"), authorizes cities to incur indebtedness for the purpose of financing the acquisition, rehabilitation and development of multifamily rental housing facilities to be occupied in whole or in part by persons of low and very low income; and

WHEREAS, the City of Hayward (the "City") previously issued \$6,450,000 of its Variable Rate Demand Multifamily Housing Revenue Bonds, (Tennyson Gardens Apartments) 2001 Series A (the "Prior Bonds") in accordance with the Housing Law, the proceeds of which were used to make a loan to Tennyson Preservation Limited Partnership, a California limited partnership (the "Borrower"), to finance the acquisition and rehabilitation of a 96-unit multifamily rental housing project commonly known as Tennyson Gardens Apartments, located at 981 West Tennyson Road, Hayward, California, (the "Project"); and

WHEREAS, Eden Housing, Inc. intends to replace, or to have an affiliate replace, the general partners of the Borrower and to become, or to have an affiliate become, the sole general partner of the Borrower, and has requested that the City issue and sell the Bonds (hereinafter defined) for the purpose of refinancing the acquisition, rehabilitation and development of the Project; and

WHEREAS, in connection with the issuance of the Bonds, the City and the Borrower wish to amend and restate the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2001 (the "Original Regulatory Agreement"), to set forth the financing terms of the Bonds; and

WHEREAS, the Original Regulatory Agreement may be amended pursuant to the provisions thereof, upon compliance with certain provisions thereof, which provisions shall be complied with prior to execution and delivery of such amendment; and

WHEREAS, the City hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act and pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together with the Housing Law, the "Act");

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward, as follows:

Section 1. The City hereby finds and declares that the above recitals are true and correct.

Section 2. Pursuant to the Act and the Pledge and Assignment (hereinafter defined), revenue bonds of the City, designated as "City of Hayward Multifamily Housing Revenue Refunding Bonds (Tennyson Gardens) 2009 Series A" in an aggregate principal amount not to exceed \$5,500,000 (the "Bonds"), are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Mayor or City Manager of the City, and attested by the manual or facsimile signature of the City Clerk of the City, in the form set forth in and otherwise in accordance with the Pledge and Assignment.

Section 3. The form of master pledge and assignment by and among the City, U.S. Bank National Association, as Agent, and U.S. Bank National Association, as Holder (the "Pledge and Assignment"), in the form on file with the City Clerk, is hereby approved. The Mayor or City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Pledge and Assignment in said form, with such additions thereto or changes therein as are recommended or approved by the Mayor or City Manager upon consultation with bond counsel to the City, including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Pledge and Assignment.

Section 4. The form of master agency agreement by and between the City and U.S. Bank National Association, as agent (the "Agency Agreement"), in the form on file with the City Clerk, is hereby approved. The Mayor or City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Agency Agreement in said form,

with such additions thereto or changes therein as are recommended or approved by the Mayor or City Manager upon consultation with bond counsel to the City, including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Agency Agreement.

Section 5. The form of amended and restated regulatory agreement and declaration of restrictive covenants (the "Amended and Restated Regulatory Agreement") between the City and the Borrower, amending and restating the Original Regulatory Agreement, in the form on file with the City Clerk, is hereby approved. The Mayor or City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Amended and Restated Regulatory Agreement in said form, with such additions thereto or changes therein as are recommended or approved by such officers upon consultation with bond counsel to the City, including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Amended and Restated Regulatory Agreement.

Section 6. The form of refunding instructions (the "Refunding Instructions") from the City and the Borrower to U.S. Bank National Association, as trustee for the Prior Bonds, pursuant to which the Prior Bonds will be refunded and redeemed, in the form on file with the City Clerk, is hereby approved. The Mayor or City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Refunding Instructions in said form, with such additions thereto or changes therein as are recommended or approved by such officers upon consultation with bond counsel to the City, including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Refunding Instructions.

Section 7. The Bonds, when executed, shall be delivered to U.S. Bank National Association, as the initial holder thereof, upon the funding of the Loan (as defined in the Pledge and Assignment) with the purchase price for the Bonds.

Section 8. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the City in connection with the issuance of the Bonds. The financial advisory firm of CGS Advisors, Inc. is hereby named as financial advisor to the City in connection with the issuance of the Bonds. The fees and expenses of bond counsel and the financial advisor are to be paid solely from the proceeds of the Bonds or directly by the Borrower.

Section 9. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the City, including the Mayor and City Manager, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents

which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the City and in order to carry out the Program, including but not limited to those certificates, agreements, deeds of trust and other documents described in the Pledge and Assignment, the Agency Agreement, the Amended and Restated Regulatory Agreement, the Refunding Instructions and the other documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof, including, but not limited to, any subordination agreement required to be executed in connection with the proposed financing, but which shall not create any obligation or liability of the City other than with respect to the revenues and assets derived from the proceeds of the Bonds.

Section 10. This resolution shall take effect immediately upon its adoption.

IN COUNCIL, HAYWARD, CALIFORNIA, _____, 2009.

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

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- _____

Introduced by Agency Member _____

RESOLUTION AUTHORIZING APPROVAL OF A LOAN FOR REHABILITATION OF THE TENNYSON GARDENS APARTMENTS

mae
9/29/09

WHEREAS, the City Council (the "City Council") of the City of Hayward (the "City") has adopted and amended, from time to time, the Downtown Hayward Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project Area (the "Project Area"); and,

WHEREAS, the Redevelopment Agency of the City of Hayward (the "Agency") is engaged in activities necessary to execute and implement the Redevelopment Plan for the Project Area; and,

WHEREAS, in furtherance of the objectives of the California Community Redevelopment Law (the "Redevelopment Law", California Health and Safety Code Section 33000 et seq.), and specifically in furtherance of Sections 33334.3 and 33413 thereof, the Agency desires to provide residential units which are affordable to persons and families of very low- and low-income within the community; and,

WHEREAS, the Agency desires to provide a loan in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the "Agency Loan") for the rehabilitation of that certain affordable housing development located at 981 W. Tennyson Road, Hayward, California (the "Housing Development"); and,

WHEREAS, the Agency Loan shall be made pursuant to the terms set forth in the staff report accompanying this Resolution (the "Staff Report") and the Agency Loan shall be evidenced by a loan agreement, deed of trust (the "Agency Deed of Trust"), promissory note, regulatory agreement (the "Agency Regulatory Agreement"), and other documents (collectively, the "Agency Loan Documents");

WHEREAS, the Housing Development is located outside the Project Area; and

WHEREAS, the owner of the Housing Development is a limited partnership (the "Developer") and Eden Housing, Inc., or its affiliate, is acquiring the general partner interest in the Developer, and the Developer is obtaining additional financing for the rehabilitation of the Housing Development that will require the subordination of the Agency Regulatory Agreement and the Agency Deed of Trust (the "Bank Financing").

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- _____

Introduced by Agency Member _____

me
9/29/09

RESOLUTION APPROPRIATING FUNDS FROM THE REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND FOR A LOAN FOR REHABILITATION OF THE TENNYSON GARDENS APARTMENTS

WHEREAS, the City Council of the City of Hayward has adopted and amended, from time to time, the Downtown Hayward Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project Area (the "Project Area"); and,

WHEREAS, the Redevelopment Agency of the City of Hayward (the "Agency") is engaged in activities necessary to execute and implement the Redevelopment Plan for the Project Area; and,

WHEREAS, in furtherance of the objectives of the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.), and specifically in furtherance of Sections 33334.3 and 33413 thereof, the Agency desires to provide residential units which are affordable to persons and families of very low- and low-income within the community; and,

WHEREAS, the Agency desires to provide a loan in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) for the rehabilitation of that certain affordable housing development located at 981 W. Tennyson Road, Hayward, California (the "Housing Development").

NOW, THEREFORE BE IT RESOLVED by the Redevelopment Agency of the City of Hayward as follows:

Section 1. The Agency hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the Agency set forth below.

Section 2. The Agency hereby allocates One Million Five Hundred Thousand Dollars (\$1,500,000) from the Agency's Low and Moderate-Income Housing Fund for the rehabilitation of the Housing Development, and the Agency's budget is hereby amended, to the extent necessary, to provide for such allocation.

Section 3. The Agency Secretary shall certify to the adoption of this Resolution.

Section 4. This resolution shall take effect immediately upon adoption.

HAYWARD, CALIFORNIA _____, 2009

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

DRAFT

CITY COUNCIL OF THE CITY OF HAYWARD

RESOLUTION NO. _____

Introduced by Council Member _____

me
9/29/09

RESOLUTION MAKING NECESSARY FINDINGS IN CONNECTION WITH REDEVELOPMENT AGENCY LOAN FOR REHABILITATION OF THE TENNYSON GARDENS APARTMENTS

WHEREAS, the City Council (the "City Council") of the City of Hayward (the "City") has adopted and amended, from time to time, the Downtown Hayward Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project Area (the "Project Area"); and,

WHEREAS, the Redevelopment Agency of the City of Hayward (the "Agency") is engaged in activities necessary to execute and implement the Redevelopment Plan for the Project Area; and,

WHEREAS, in furtherance of the objectives of the California Community Redevelopment Law (the "Redevelopment Law", California Health and Safety Code Section 33000 et seq.), and specifically in furtherance of Sections 33334.3 and 33413 thereof, the Agency desires to provide residential units which are affordable to persons and families of very low- and low-income within the community; and,

WHEREAS, the Agency desires to provide a loan in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the "Agency Loan") for the rehabilitation of that certain affordable housing development located at 981 W. Tennyson Road, Hayward, California (the "Housing Development"); and,

WHEREAS, the Housing Development is located outside the Project Area; and

WHEREAS, as more particularly set forth in the staff report accompanying this Resolution (the "Staff Report"), the City Council, and by separate resolution, the Agency Board, have determined that the Agency Loan for the Housing Development will be of benefit to the Project Area.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Hayward as follows:

Section 1. The City hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the City set forth below.

Section 2. Based on the information contained in the Staff Report, the City finds, pursuant to Health and Safety Code Section 33334.2(g), that the Agency Loan for the Housing Development will be of benefit to the Project Area.

Section 3. The City Clerk shall certify to the adoption of this Resolution.

Section 4. This resolution shall take effect immediately upon adoption.

HAYWARD, CALIFORNIA _____, 2009

ADOPTED BY THE FOLLOWING VOTE:

AYES: CITY COUNCIL MEMBERS:
MAYOR:

NOES: CITY COUNCIL MEMBERS:

ABSTAIN: CITY COUNCIL MEMBERS:

ABSENT: CITY COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward