



## Legislation Text

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**File #:** 15-695, **Version:** 1

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Staff Report for the Assignment, Assumption, and Modification of Loan Agreements Provided to Eden Housing for the Real Property Located at 15370-15375 Tropic Court in the City of San Leandro

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council adopt a resolution 1) approving two separate Assignment, Assumption, and Modification Agreements that will assign the existing \$750,000 City federal HOME loan and \$50,000 City loan and regulatory agreements from Las Palmas Development Partners, L.P., a tax credit affiliate entity of the nonprofit developer Eden Housing, Inc., which currently owns and manages Las Palmas Apartments, to a new tax credit limited partnership LPSL, L.P. and 2) authorizing the City Manager to execute such documents and undertake such actions as necessary to carry out the intent of this resolution. Eden requests that the City approve the Assignment, Assumption, and Modification Agreements by late January 2016 when it plans to close escrow on the State/federal low income housing tax credit equity it received in Fall 2015 to provide renovations and maintain the long-term affordability of Las Palmas Apartments.

### **BACKGROUND AND ANALYSIS**

The 91-unit Las Palmas Apartments at 15370 and 15375 Tropic Court received a \$750,000 federal Home Investment Partnership Program (HOME) loan fund from the City of San Leandro on December 6, 1999 and executed a regulatory agreement, which is still in effect, that requires the nonprofit developer, Eden Housing, to maintain the majority of units as long-term affordable rental housing. Around 1999, the property also received State/Federal low income housing tax credits, which also restricted the majority of units as affordable; those tax credits have expired.

Las Palmas Apartments also received a \$50,000 loan from the City of San Leandro Redevelopment Agency on February 7, 2011 to assist in the transfer of the property to Eden Housing prior to the dissolution of Citizens Housing Corporation, the original owner of Las Palmas Apartments. The former Redevelopment Agency loan was transferred to the City as housing successor in October 2015.

In Summer 2015, Eden Housing re-applied for and was awarded low income housing tax credits ("resyndication") and tax-exempt bonds from the State Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC), to finance the rehabilitation and improvement of the aging Las Palmas Apartments. Improvements will include new roofs, new vinyl windows, new plumbing, photovoltaic solar panels, solar hot water heater facilities, new ADA units, a newly renovated community room, along with unit renovations such as new appliances, new cabinets and countertops, and new flooring and carpets. Eden Housing is not seeking any additional City financial assistance.

To effectively secure the newly awarded tax credit equity, Eden Housing requests that the City

approve the transfer and assignment of both HOME and former RDA Housing loans from Las Palmas Development Partners, L.P, a tax credit affiliate entity of Eden Housing that currently owns and manages Las Palmas Apartments, to a new tax credit limited partnership LPSL, L.P. Additionally, a key modification to the existing loans is the 55-year extension of the maturity date of both loans to reflect the new TCAC regulatory agreements that will extend the affordability of Las Palmas Apartments for an additional 55 years. Under the new TCAC/CDLAC regulatory agreements, 9 of the 22 “market” rate units will be restricted as affordable tax credit units while the remaining 13 “market” rate units will be restricted to 60% Area Median Income through attrition once the over-income tenants move out through the existing City Regulatory Agreement.

### **Previous Actions**

On September 8, 2015, the City Council conducted a TEFRA public hearing and adopted a resolution that approves California Municipal Finance Authority issuance of revenue bonds for Eden’s tax credit/tax-exempt bond financing application for renovations to Las Palmas Apartments.

### **Committee Review and Actions**

On October 5, 2015, the City Council, as housing successor to the former Redevelopment Agency, approved the assignment and assumption of the \$50,000 loan to Eden Housing and Las Palmas Apartments.

On October 14, 2015, the Successor Agency to the City of San Leandro Redevelopment Agency Oversight Board approved by resolution that the \$50,000 Redevelopment Housing Set-Aside loan should be transferred to the housing successor pursuant to Health and Safety Code Sections 34176 (a) and 34181 (a).

### **Applicable General Plan Policies**

The proposed renovations to Las Palmas Apartments by Eden Housing advance Goal 56 (Affordable Housing Conservation) under the City’s Housing Element Update, which was certified by the State Housing and Community Development Department in February 2015.

### **Legal Analysis**

The City Attorney’s Office reviewed and approved this staff report, resolution and related legal documents.

### **Fiscal Impacts**

The execution of the Assignment, Assumption, and Modification Agreements for both loans will have no fiscal impact on the City’s General Fund. As stated above, there is no City financial assistance going to Eden Housing for the necessary renovations and improvements at Las Palmas Apartments. The City Council is essentially assisting with the re-financing to fund the renovations and improvements by taking the actions requested herein.

### **ATTACHMENTS**

**Attachments to Resolution**

- Assignment, Assumption, and Modification Agreement (City HOME Program Loan)
- Assignment, Assumption, and Modification Agreement (Affordable Housing Loan)

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