



Legislation Text

File #: 11-427, **Version:** 1

Resolution Approving the Transfer of Property and the Provision of a Loan to Eden Surf Associates L.P., and Authorizing the Execution of Loan Documents

WHEREAS, in 2002, the City of San Leandro (“City”) provided a loan in the amount of \$700,000 (the “Existing Loan”) to Citizens Housing Corporation, a California nonprofit public benefit corporation (“CHC”) to assist in the acquisition and rehabilitation of a 46-unit residential development located at 15320 Tropic Court (the “Project”);

WHEREAS, Eden Surf Associates L.P., a California limited partnership (“Eden Surf”) proposes to acquire the Project and assume the obligation to repay the Existing Loan and the obligations imposed pursuant to the documents executed in connection with the Existing Loan;

WHEREAS, the Project has been subject to rent and tenant income-eligibility restrictions pursuant to a Regulatory Agreement executed by and between City and CHC in June 2002 (as subsequently amended, the “Existing Regulatory Agreement”);

WHEREAS, Eden Surf has requested City approval for the transfer of the Property and the Project and the assignment of the obligations imposed by the documents executed in connection with the Existing Loan to Eden Surf;

WHEREAS, Eden Surf has also requested a loan from the City in the amount of One Hundred Thousand Dollars (\$100,000) (the “New Loan”) to defray certain costs related to the acquisition and rehabilitation of the Project;

WHEREAS, Eden Surf has agreed to extend and increase the affordability restrictions imposed by the Existing Regulatory Agreement;

WHEREAS, the terms and conditions for the New Loan are described in a proposed Affordable Housing Loan Agreement (the “Loan Agreement”), a copy of which has been provided to the City Council;

WHEREAS, Eden Surf and City staff have negotiated the terms of an Amended and Restated Regulatory Agreement (the “Amended Regulatory Agreement”), a Secured Promissory Note (the “Note”) to be executed by Eden Surf to evidence its obligation to repay the New Loan, and a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) pursuant to which the City will be provided a security interest in the Project to secure repayment of the New Loan and compliance with the Amended Regulatory Agreement; and

WHEREAS, the City Loan is proposed to be funded with Sixty-Five Thousand Dollars (\$65,000) from the City’s Affordable Housing Trust Fund (the “Housing Fund”) and Thirty-Five Thousand Dollars (\$35,000) in Community Development Block Grant (CDBG) funds, contingent upon

HUD approval of the Amendment to the FY 2011-2012 Consolidated Annual Action Plan.

NOW THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of San Leandro that it hereby:

1. Finds that the transfer of the Property to Eden Surf and the provision of the New Loan in accordance with the Loan Agreement will increase the availability of affordable housing in the City and will facilitate the preservation of housing for low- and very low-income households.
2. Finds that the provision of financial assistance in the amount of the New Loan is necessary to make the Project financially feasible and affordable to low- and very low-income households.
3. Approves the transfer of the Property to Eden Surf and the assignment of the documents executed in connection with the Existing Loan to Eden Surf.
4. Approves the provision of the New Loan pursuant to the terms and conditions set forth in the Loan Agreement.
5. Approves the Loan Agreement, the Note, the Deed of Trust and the Amended Regulatory Agreement, and authorizes the City Manager or designee to execute and deliver each such document to which the City is a party substantially in the form on file with the City Clerk, with such modifications as approved by the City Manager in consultation with the City Attorney.
6. Authorizes the City Manager or designee to execute and deliver such other documents and to take such other actions as necessary to carry out the intent of this Resolution.