



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Xavier
Campos

SUBJECT: SEE BELOW

DATE: August 22, 2011

APPROVED:

DATE:

8/22/11

SUBJECT: APPROVAL OF THE ISSUANCE OF BONDS, LOAN OF BOND PROCEEDS, AND RELATED DOCUMENTS FOR THE TAYLOR OAKS APARTMENTS

RECOMMENDATION

Approve staff's recommendation to adopt a resolution to:

1. Authorize the issuance of tax-exempt multifamily housing revenue bonds in two series designated as "City of San José Multifamily Housing Revenue Bonds (Taylor Oaks Apartments), Series 2011A-1 and Series 2011A-2, in the aggregate principal amount not to exceed \$7,000,000 and sale of the Bonds to Citigroup Global Markets by negotiated sale;
2. Approve a loan of bond proceeds to Taylor Oaks Apartments Investors, L.P., a California limited partnership, for financing a portion of the costs of acquiring and rehabilitating the Taylor Oaks Apartments located at 2726 – 2738 Kollmar Avenue in the City of San José;
3. Approve in substantially final form the following documents: (1) Trust Indenture, (2) Financing Agreement, (3) Regulatory Agreement and Declaration of Restrictive Covenants, (4) Intercreditor Agreement, (5) Purchase Contract, and (5) Official Statement; and
4. Authorize the City Manager, Assistant Director of Finance, Director of Housing or their designees to execute and, as appropriate to negotiate, execute and deliver these bond documents and other related documents as necessary.

BACKGROUND

The Ryan neighborhood is a working class neighborhood that is bound by Story Road to the north, South White Road to the east, Murtha Drive to the south and Capitol Expressway to the west. The neighborhood is known for its one-story, single family homes with two-car garages fronting the streets. Most of the homes were built during the mid-1950's through the early 1960's and are generally well maintained, but on the northeastern edge of the neighborhood resides multifamily apartments that are located on Kollmar Drive and McGuinness Avenue.

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The Taylor Oaks Apartments are located on the northeastern edge of Ryan Neighborhood. From Capitol Expressway, the Taylor Oaks Apartments are recognizable for their exterior features. These two to three story apartments are known for their rectangular and box-like structures without any decoration. Over the years the apartments have been neglected by the economic effects from foreclosure and are showing signs of wear.

To curb blight within their community, community members have gathered to form the Ryan Neighborhood Association with the mission to improve the conditions throughout the neighborhood. One of the identified priorities from residents has been to improve the apartments along Kollmar Drive and McGuinness Avenue. Through the use of NSP2 funding from the Department of Housing and Urban Development is an opportunity present to improve a section of blight within the area upon approval of staff's recommendations.