

RESOLUTION NO. 73935

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING AN INCREASE OF UP TO \$2,084,521.00 TO THE PERMANENT LOAN AND AN EXCEPTION TO THE CITY POLICY TO ALLOW INCREASE IN LOAN TO VALUE RATIO FOR THE CINNABAR COMMONS APARTMENT PROJECT

WHEREAS, on July 1, 2003 the City and Lenzen Associates, LLC entered into loan documents for a loan of up to \$12,978,250.00 for the acquisition and predevelopment costs associated with the acquisition of real property located on Stockton Avenue between Cinnabar Street and Lenzen Avenue for the development of a 245 unit affordable housing project (“Project”);

WHEREAS, on July 1, 2003 the City and Cinnabar Commons L.P. entered into loan documents for a loan of up to \$15,354,000.00 for construction funding and up to \$6,969,000.00 for permanent funding of the Project; and

WHEREAS, on July 2004, the City Council issued revenue bonds of the City to be designated as the “City of San José Variable Rate Demand Multifamily Housing Revenue Bonds (Cinnabar Commons) Series 2003C” (the “Bonds”) in an aggregate principal amount not to exceed \$25,900,000.00; and

WHEREAS, on November 1, 2004 the City and Cinnabar Commons L.P entered into loan document increasing the City permanent loan to \$11, 078,483.00 in consideration of admitting Bridge Housing as a co-managing partner of the development team; and

WHEREAS, on June 1, 2006 the City and Cinnabar Commons L.P entered into loan documents increasing the City permanent loan to \$11,453,483.00 to pay for certain costs associated with admitting Bridge Housing as co-managing partner; and

WHEREAS, Cinnabar Commons L.P. has requested that the City agree to increase the City permanent loan by \$2,084,521.00 for a total permanent loan of up to \$13,538,004.00 and to approve an exception to the City's loan to value ratio for the project in order to meet the requirements of other lenders of the project; and

WHEREAS, the City administration recommends that the City Council approve the increase in the City permanent loan and the exception to the City policy on loan to value ratio on the condition that Cinnabar Commons agree to convert the affordability of 39 of the units in the project to provide 29 units at 30% of area median income, 10 at 40% of area median income as set forth in the Director of Housing report dated July 24, 2007.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. An increase in the City permanent loan to Cinnabar Commons L.P., or an affiliated entity, of up to \$2,084,521 for a total permanent loan to \$13,538,004.00 for the Cinnabar Commons Family Apartments in consideration for converting 39 units to extremely low income units as set forth in the Director of Housing report dated July 24, 2007 is approved.
2. An exception to the Council Policy on Loan to Value ratios for affordable housing loans to allow up to 119% for the City permanent loan for the Cinnabar Commons Family Apartment Projects is approved.

ADOPTED this 7th day of August, 2007, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE,
LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS;
REED

NOES: NONE

ABSENT: NONE

DISQUALIFIED: NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk