

RESOLUTION NO. 74415

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING AN INCREASE OF UP TO \$506,652.00 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, on August 7, 2007 the City Council agreed to increase the City permanent loan by \$2,084,521.00 for a total permanent loan of up to \$13,538,004.00 and approved an exception to the City's loan to value ratio for the project; and

WHEREAS, Cinnabar Commons, L.P. has requested that the City agree to increase the City permanent loan by an additional \$506,652.00 for a total permanent loan of up to \$14,044,656.00 and to approve an exception to the City's loan to value ratio 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 agrees to amend the City's share of the project's cash flow in years 11 through 20 and to extend the term of the restricted affordability for an additional five (5) years, as set forth in the Director of Housing report dated May 1, 2008;

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 \$506,652.00 for a total permanent loan of up to \$14,044,656.00 for the Cinnabar Commons Family Apartments in consideration for amending the City's share of the project's cash flow for years 11 through 20 and extending the term of the restricted affordability an additional five years as set forth in the Director of Housing report dated May 1, 2008 is approved.
2. An exception to the Council Policy on Loan to Value ratios for affordable housing loans to allow up to 120% for the City permanent loan for the Cinnabar Commons Family Apartment Projects is approved.

ADOPTED this 10th day of June, 2008, by the following vote:

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

NOES: NONE.

ABSENT: CONSTANT.

DISQUALIFIED: NONE.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk