



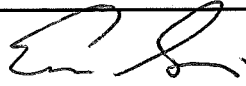
Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Krutko
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: November 2, 2009

Approved 

Date 11/2/09

COUNCIL DISTRICT: 3
SNI AREA: N/A

SUBJECT: APPROVAL OF THE ISSUANCE OF BONDS, LOAN OF BOND PROCEEDS, RELATED DOCUMENTS, AND CHANGE IN INCOME RESTRICTIONS FOR THE BELOVIDA AT NEWBURY PARK SENIOR APARTMENTS

SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL REPORT

The purpose of this Supplemental Memorandum is to revise staff's original Memorandum on this matter to include approval of a Subordination Agreement that will subordinate the City's \$21,491,607 loan and affordability restrictions to the Bank of America's loan of \$24,170,000 of bond proceeds to the Belovida at Newbury Park ("Belovida") project. Although the Subordination Agreement was submitted for City Council review with the original Memorandum, the description of the Subordination Agreement was inadvertently omitted from the original staff report.

BACKGROUND

EAH, Inc. and CORE Affordable Housing, LLC (collectively, the "Developer"), have requested that the City issue tax-exempt multifamily housing revenue bonds for the purpose of lending the Bond proceeds to Belovida at Newbury Park, L.P., a California limited partnership (the "Borrower"), created by the Developer. The proceeds of the loan, together with other funds, will be used by the Borrower to finance the construction of 185 units of senior rental apartment housing to be known as Belovida at Newbury Park Senior Apartments. Upon completion of the Project, 184 of the units in the Project will be made available for rent to seniors with incomes that do not exceed 50% of the Area Median Income ("AMI") and one unit will be an unrestricted manager's unit. These restrictions will remain for a period of at least 55 years.

November 2, 2009

Subject: Belovida at Newbury Park Project – Supplemental Memorandum

Page 2

ANALYSIS

The following paragraph should be considered appended to the “Bond Financing Documents” section of the original Memorandum:

Subordination Agreement This agreement (the “Subordination Agreement”) is among the City, as issuer of the bonds; Wells Fargo Bank, National Association, as the trustee; the City, as subordinate lender; and the Borrower. The Subordination Agreement is executed by the City Manager or other authorized officer on behalf of the City. The Subordination Agreement implements the subordination of the City’s recorded loan documents, including its affordability restrictions, to the Bond Loan Deed of Trust and Bond Regulatory Agreement. This makes the Bond Loan Deed of Trust and Bond Regulatory Agreement the senior liens for recording and security purposes. In addition, under the Subordination Agreement, the City’s loan repayment is made a subordinate obligation, to be paid only after payments due under the Bond Loan Documents have been made. As is usual in these transactions, Bank of America, the initial private placement Bond purchaser, requires this Subordination Agreement as a condition of its funding.

By agreeing to subordinate the City’s loan documents to Bank of America’s bond loan documents, the City will enable the Developer to access the bond loan proceeds so that the project can be constructed.

COORDINATION

Preparation of this report was coordinated with the Office of the City Attorney.

CEQA

CEQA: Mitigated Negative Declaration No. PDC07-015.


JULIA H. COOPER
Assistant Director of Finance


LESLYE KRUTKO
Director, Housing Department

For questions, please contact Julia H. Cooper, Assistant Director of Finance, at (408) 535-7011.