



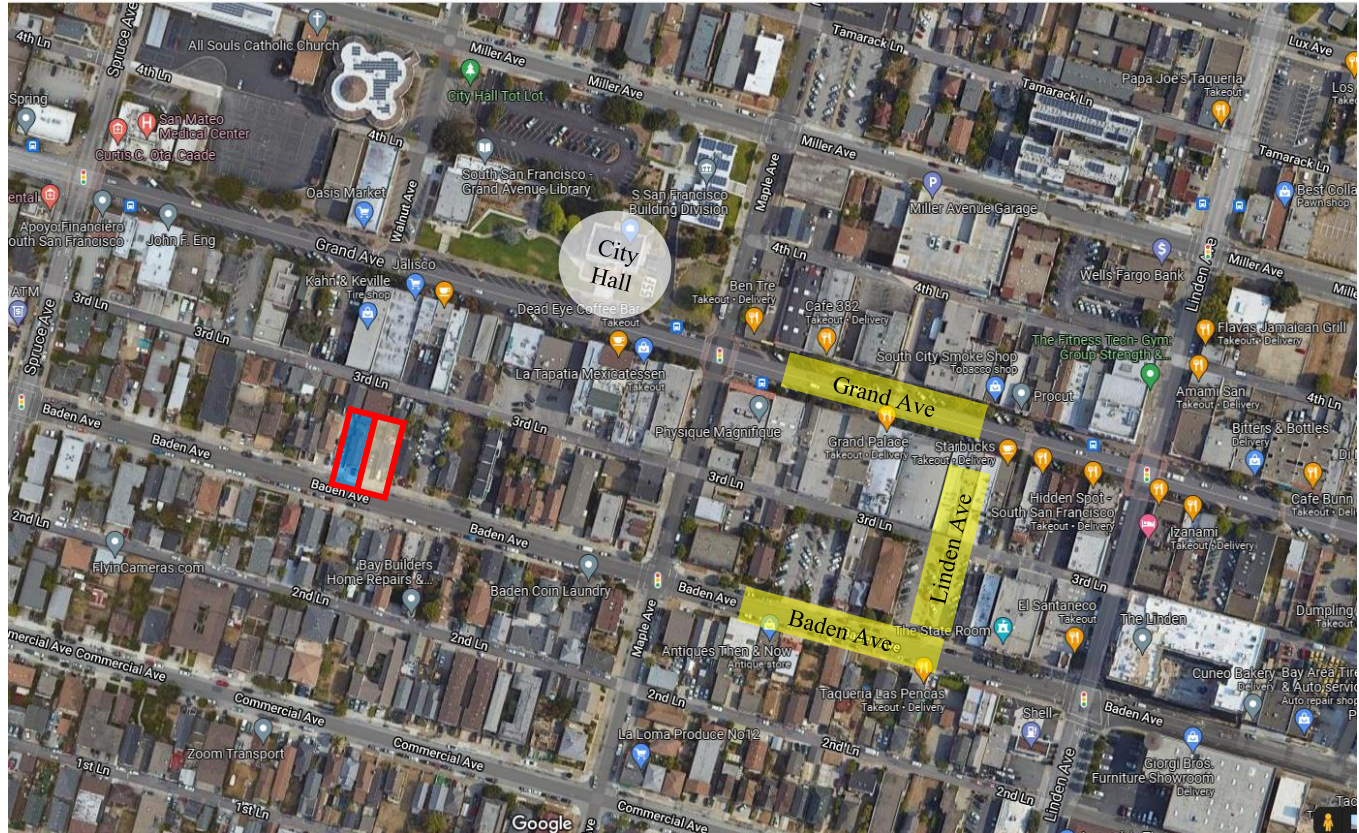
# BADEN STATION



(428-432 BADEN AVE)

PURCHASE & SALE AGREEMENT – THIRD AMENDMENT  
AND  
ACQUISITION LOAN AGREEMENT

OCTOBER 13, 2021

# 428-432 Baden Ave



-  City-owned 432 Baden
-  Privately-held 428 Baden

# Third Amendment to the Purchase and Sale Agreement

Amendments include:

1. Change the development team from Baden Development to For the Future Housing, Inc.;
2. Amend the scope from market rate (10% affordable) to a fully affordable housing development; and
3. Extend the Close of Escrow

# Acquisition Loan

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Staff recommend providing an acquisition loan of \$4,050,000.

Loan terms:

1. A \$2,000,000 short-term, acquisition component:
  - a) repaid with construction financing; or
  - b) 24 month term and one conditional 24 month extension
2. A \$2,050,000 long-term permanent financing component:
  - a) 55-year term; and
  - b) payment of annual residual receipts.
3. Construction financing to be secured within 24 months, with one 24-month extension granted at the City Manager's discretion. After 48 months \$4,050,000 would become due and payable.



# Loan Structure Benefits

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The benefits to the **City** include:

- Securing first lien position, collateral and site control if developer defaults
  - both properties (428 and 432 Baden)
  - the entitlements and
  - all construction drawings necessary for building permits
- Demonstrating the City's commitment to accelerating affordable housing production
- \$2,000,000 is returned to the City within 4 years.

The benefits to the **Developer** include:

- Project financing costs are reduced substantially
- The project is more likely to be fully financed sooner because it will be more competitive for 9% Federal tax credits.

# Recommendation

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Staff recommends City Council adopt a resolution approving the third amendment to the PSA:

1. Approving assignment of the rights and obligations of Baden Development LLC to For the Future Housing, Inc.,
2. Modifying the project scope from market rate to a fully affordable housing product with 36 BMR units, and
3. Extending the Close of Escrow.

Staff recommends City Council adopt a resolution approving a \$4,050,000 acquisition loan agreement:

1. \$2,000,000 will be repaid upon the earlier date of up to 48 months, or when construction financing is secured, and
2. \$2,050,000 is a long-term loan from which the City will receive repayments through residual receipts.