



Legislation Text

File #: 21-719, **Version:** 1

Resolution approving MidPen Housing Corporation's recapitalization and renovation plans for the Greenridge and Willow Gardens affordable housing communities, designate reimbursed property tax payments that would otherwise be paid to the City in the form of residual receipt payments to be reinvested into the project, and authorize the City Manager to execute agreements and loan documents necessary to consummate such loan and fee payments on behalf of the City of South San Francisco.

WHEREAS, in September 1998, the former Redevelopment Agency of the City of South San Francisco ("former RDA") provided financing and entered into a loan agreement with MP Greenridge Associates, a California limited partnership affiliated with Mid-Peninsula Housing Coalition (the "Developer" or "MidPen") in the amount of \$940,000 ("RDA Loan") to acquire and construct thirty-four (34) multifamily residential units for very low and low income households to benefit the Agency's Redevelopment Areas; and

WHEREAS, in January 1999, the former Redevelopment Agency of the City of South San Francisco ("former RDA") provided financing and entered into a loan agreement with Willow Gardens Housing Associates, a California limited partnership affiliated with Mid-Peninsula Housing Coalition (the "Developer") in the amount of \$3.5 million ("RDA Loan") to acquire and rehabilitate affordable housing units in the Willow Gardens Neighborhood (the "Willow Gardens Project"); and

WHEREAS, in November 19, 2002, the City made an additional loan of HOME program funds to the Developer in the original principal amount of \$500,000 for the acquisition and rehabilitation of units at the Willow Gardens Project and entered into that certain HOME Investment Partnerships ("HOME") Program Regulatory Agreement dated January 4, 1999, and recorded against the Original Property in the Official Records of San Mateo County on March 16, 1999, as Instrument No. 99-045817; and

WHEREAS, in connection with the Willow Gardens Project, City gave Developer a loan in the amount of \$500,000, evidenced by a Secured Promissory Note executed by Developer and dated November 19, 2002 ("Note") and secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust") dated as of November 19, 2002; and

WHEREAS, the above referenced agreements for the Willow Gardens Project were amended and a Modification to Regulatory Agreement and Declaration of Restrictive Covenants dated August 3, 2016 was recorded against the Original Property in the Official Records of San Mateo County on November 28, 2016, as Instrument No. 2016-124183; and

WHEREAS, in September 2019, a Second Modification was made to the Regulatory Agreement and

Declaration of Restrictive Covenants, and a Second Modification was made to the Deed of Trust and Assignment of Rents for the 1999 Willow Gardens Neighborhood Rehabilitation Project; and

WHEREAS, the units at Greenridge and Willow Gardens are in need of recapitalization and renovation to support long term sustainability; and

WHEREAS, MidPen proposes that Willow Gardens and Greenridge be combined as a scattered site low income housing tax credit (LIHTC) re-syndication to generate greater tax credit equity enabling a more thorough renovation; and

WHEREAS, MidPen's refinance of the existing first mortgages and restructure of the City's debt will enhance the long-term financial sustainability and the capital improvements will maintain the long-term health of the buildings; and

WHEREAS, MidPen and the City agree to recast the Greenridge RDA Loan, WG RDA Loan, Original HOME Loan, Original City Loan, and Second HOME Loan into a single loan, in the aggregate principal amount of approximately \$8,485,680, subject to adjustment of interest rates and the terms and conditions of the Amended and Restated Loan Agreement, evidenced by a promissory note executed by MidPen in favor of City and which note shall be secured by a Deed of Trust and Assignment of Rents executed by MidPen for the benefit of City; and

WHEREAS, all prior Deeds of Trust shall each be reconveyed collectively replaced by the City Deed of Trust; and

WHEREAS, as a condition of the Amended and Restated Loan Agreement, MidPen will execute a new regulatory agreement which will regulate the Project for the term of the City Loan to ensure that the units remain occupied by and affordable to Low-Income Households and execute a new HOME regulatory agreement which will regulate the HOME-assisted units in the Project for the term of the City Loan to ensure that such units remain occupied by and affordable to Lower-Income Households and an Amended and Restated Rent Restriction and Right of First Refusal Agreement for Below Market Rate Property to ensure the units remain deed restricted; and

WHEREAS, MidPen will, simultaneously with the execution of the City Regulatory Agreement and HOME Regulatory Agreement, terminate all prior Regulatory Agreements recorded against the project properties; and

WHEREAS, in an effort to further improve the rehabilitation efforts, the City approves use of \$294,217 of reimbursed property tax payments that would otherwise be paid to the City in the form of residual receipt payments to be reinvested into the project for the purpose of unit improvements at the Greenridge site; and

WHEREAS, the City has reviewed and approved of the temporary relocation plans for current residents of the project during the period of rehabilitation.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of South San Francisco, as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves all Loan Agreements, Deeds of Trust, and Regulatory Agreements attached hereto as Exhibit A for the Willow Gardens/Greenridge affordable housing project between MP Willow Greenridge Associates, L.P., a California limited partnership.

Section 3. The City Council approves of the Subordination Agreement, hereto Attached as Exhibit B, and the relocation plans hereto attached as Exhibit C between the City and MP Willow Greenridge Associates, L.P., a California limited partnership.

Section 4: The City Council approves the use of \$294,217 of reimbursed property tax payments that would otherwise be paid to the City in the form of unit improvements at the Greenridge site.

BE IT FURTHER RESOLVED, by the City Council of the City of South San Francisco that the City Council hereby authorizes the City Manager to execute all documents on behalf of the City, subject to any minor, technical or clarifying changes that may be approved by the City Attorney, and further authorizes the City Manager to execute all documents necessary to effectuate and carry out the intent of this resolution.

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