



Legislation Text

File #: 23-202, **Version:** 1

Resolution approving the first amendment to the loan agreement between Baden Station Investors, LLC and the City of South San Francisco to modify the terms of an existing \$4,050,000 loan for the development of 36 affordable housing units at 428-432 Baden.

WHEREAS, on January 13, 2022, the City of South San Francisco ("City") and Baden Station Investments, LLC ("Borrower") entered into a Loan Agreement ("Agreement") whereby the City agreed to provide Borrower with a loan in two components, \$2 million pursuant to terms for a "Short Term Component" and \$2,050,000 pursuant to terms for a "Long Term Component" from the City's Commercial Linkage Fee Fund; and

WHEREAS, Borrower and the City agreed that the Short Term Component of the Loan will be repaid after Borrower secures construction financing and the Long Term Component of the Loan will become due and payable on the maturity date described in Section 1.3 of the Agreement, and payments thereon will be made annually through residual receipts; and

WHEREAS, the loan is secured by a Promissory Note and Deed of Trust in favor of the City; and

WHEREAS, the project at 428-432 Baden will be a 36-unit 100% affordable housing project with 18 units reserved for individuals with intellectual and developmental disabilities and features affordability levels of 30 to 60% of the Area Median Income (AMI) with an overall AMI average of 40% AMI (see Attachment 1 for AMI levels); and

WHEREAS, Borrower has secured all other necessary financing for the project and is prepared to pull building permits and start construction in March 2023; and

WHEREAS, to further assist in the construction of the affordable units and ensure Borrower is able to secure construction financing for the Project, City and Borrower now desire to amend the Agreement to decrease the Short Term Component of the Loan by \$1,100,000 and increase the Long Term Component of the Loan by the same amount; and

WHEREAS, pursuant to this Amendment, the Short Term Component of the Loan will be decreased to the amount of \$900,000, and the Long Term Component of the Loan will be increased to the amount of \$3,150,000. The amended Short Term Component of the Loan will still be repaid when Borrower receives construction financing; and

WHEREAS, the total Loan amount of \$4,050,000 is unchanged.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco does hereby approve the first amendment to the Loan Agreement between Baden Station Investors, LLC and the City of South San Francisco to modify the terms of an existing \$4,050,000 loan for the development of 36 affordable

housing units at 428-432 Baden. The first amendment to the Loan Agreement is attached as Exhibit A.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized accept amendments to the Promissory Note and Deed of Trust securing the loan, as amended, and to execute any documents necessary on behalf of the City to carry out the intent of this resolution, subject to approval by the City Attorney.

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