

RESOLUTION NO.

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF HOUSING , OR DESIGNEE, IN CONSULTATION WITH COUNTY COUNSEL, NEGOTIATE AND EXECUTE AMENDMENTS TO EXISTING DEED OF TRUST AND ASSIGNMENT OF RENTS, DECLARATION OF RESTRICTIVE COVENANT, LOAN AGREEMENT AND PROMISSORY NOTE (COLLECTIVELY “LOAN DOCUMENTS”) MEMORIALIZING LOAN TO EPA WOODLANDS ASSOCIATES, LP., FOR THE PURPOSE OF DEVELOPING AFFORDABLE RENTAL HOUSING IN MENLO PARK IN A TOTAL AMOUNT OF \$190,000 FOR A TERM OF FIFTY-FIVE (55) YEARS FROM JANUARY 7, 1992 TO JANUARY 7, 2032 TO (A) BECOME A RESIDUAL RECEIPTS LOAN ACCRUING THREE (3) PERCENT SIMPLE INTEREST BEGINNING JANUARY 1, 2020, (B) FORGIVE ACCRUED INTEREST IN A TOTAL AMOUNT OF \$834,862, AND (C) EXTEND THE MATURITY OF THE LOAN FROM 2032 TO 2075 AND THE EFFECTIVE TERM OF THE AFFORDABILITY COVENANT AN ADDITIONAL 55 YEARS FROM JANUARY 1, 2020

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California that

WHEREAS, EPA Woodlands Associates, L.P., a California limited partnership (“Borrower”), is the owner of an affordable housing project for families in the City of Menlo Park; and

WHEREAS, the six (6) unit project, known as “Willow Court,” is located at 1141 Willow Road in the City of Menlo Park (APN: 062-09-3470) (“Property”) and consists of two (2) buildings that were built in 1992; and

WHEREAS, in 1992, the County made a loan to Borrower in the total amount of \$190,000 in Community Development Block Grant (“CDBG”) funds to assist with the development of Willow Court (“Loan”); and

WHEREAS, the Loan is set to mature on January 7, 2032, and currently bears an interest rate of 6% annum with unpaid interest compounding on annual basis; and

WHEREAS, while the current principal remains \$190,000, the accrued interest is \$834,862.87; and

WHEREAS, as outlined in the Declaration of Restrictive Covenant recorded against the Property (“Affordability Covenant”), all the units are restricted to very-low income and low-income households with household incomes of 50% and 60% AMI, respectively; and

WHEREAS, based on the cash flow, the net operating income of the Property and the number of units serving low-income households, it is not feasible for Borrower to repay the loan in full by 2032, especially with such high accrued interest; and

WHEREAS, the County has proposed modifying the interest rate to three (3) percent simple interest, restructuring repayment so it is based on residual receipts, and extending the maturity date of the loan from 2032 to 2075, in exchange for extending the Affordability Covenant on the Property another 55 years from January 1, 2020; and

WHEREAS, since all units are restricted to very low- and low-income households with income of 50% and 60% AMI, the benefit of extending the maturity date will help to ensure that these units will remain affordable for an additional 55 years from January 1, 2020.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Director of the Department of Housing, or designee, in consultation with County Counsel, is authorized to negotiate and execute amendments to Loan Documents so that the Loan to Borrower becomes a residual receipts loan accruing three (3) percent simple interest beginning January 1, 2020, accrued interest in a total amount of \$834,862 is forgiven, and the maturity of the Loan is extended from 2032 to 2075 and the effective term of the Affordability Covenant covers an additional 55 years from January 1, 2020.

* * * * *