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RESOLUTION 86-24

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency staff has reviewed a loan application from Aspen Vintage Joint Venture under the Rental Housing Mortgage Loan Program for Aspen Vintage Tower and has recommended to the Lending/Insurance Committee of the Board of Directors such loan be approved; and

WHEREAS, the Lending/Insurance Committee has reviewed that loan application and concurs in the recommendation of the staff; and

WHEREAS, the Board of Directors has approved an initial loan commitment Resolution 86-1 on January 9, 1986 for such project; and

WHEREAS, based upon the recommendation of staff and the Lending/Insurance Committee, the Board of Directors has determined that a final loan commitment be made for such project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency:

- (1) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency is hereby authorized to transmit a final commitment letter, subject to the recommended terms and conditions set forth in the attached report of CHFA staff dated April 28, 1986 in relation to a multifamily housing development described as follows:

PROJECT NUMBER	DEV. NAME/ LOCALITY	# UNITS	MORTGAGE AMOUNT
85-26-N	Aspen Vintage Tower San Jose/Santa Clara	58	\$2,700,000

- (2) The final commitment letter shall specifically state that the commitment is subject to the Agency's ability to sell its bonds in an amount sufficient to fund the commitment.

- (3) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency has the authority

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to modify the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval. All other changes, including changes in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval.

I hereby certify that this is a true and correct copy of Resolution 86-24 adopted at a duly constituted meeting of the Board of Directors of the California Housing Finance Agency held on May 15, 1986 at Los Angeles, California.

ATTEST: 
Secretary

Attach.

Memorandum

To : Lending Committee

Date : April 28, 1986

From : June Demerdjian
CALIFORNIA HOUSING FINANCE AGENCY

Subject : Aspen Vintage Tower
San Jose, Santa Clara County
CHFA #85-26-N

Action Requested

The purpose of this memorandum is to recommend a Final Loan Commitment in the amount of \$2,700,000 to develop and rehabilitate 58 rental housing units, and 5,300 square feet of commercial area in the City of San Jose. CHFA Board of Directors approved an Initial Commitment on January 9, 1986 in the amount of \$3,400,000 based on 75 units. The developer has decided to reduce the number of units to 58 by eliminating the new construction portion of the project. The developer has satisfied the terms of the Initial Commitment, which includes securing construction financing. The developer has obtained a construction loan commitment from First Interstate Mortgage Company.

Market Study - MAI Appraisal

The firm of Real Estate Decision Company (REDC) completed an independent market study based on 75 units, and has issued an MAI Appraisal dated September 29, 1985. The economic value determined by this appraisal based on 75 units is \$5,000,000. The developer has decided to rehabilitate the 58 units and the commercial space in the Aspen Vintage Tower, but develop 16 new units over the parking structure as condominiums at a later date. The condominiums to be financed separately. The appraiser will be asked to amend his appraisal to reflect a value for 58 units. The commitment is conditioned on an amended appraisal supporting the requested loan amount.

Financial Requirements

Program guidelines require the developer to contribute a minimum of 5 per cent equity if there is local contribution. In the case of Aspen Vintage Tower, the developer is providing \$921,568, which represents 14.17% of the total development cost.

Aspen Vintage Tower
April 28, 1986

In addition to cash investment, the developer has posted a Bond Security Escrow of \$94,500, which is 3 1/2% of the mortgage amount. When the Permanent Loan is funded by CHFA, the developer is required to provide CHFA with the following escrows:

Project Operating Expense Escrow	\$154,200
Additional Rent-Up Escrow	68,820
Operating Expense Escrow	44,538

Commercial Area

In addition to providing 58 rental housing units, 5,300 square feet of commercial space on the ground floor of the existing structure will be rehabilitated. An additional Rent-up escrow of \$68,820 will be provided by the sponsor to secure any rent-up loss realized on the commercial area. The amount of the escrow is equivalent to one year of commercial rental income.

Relocation

There are currently 4 commercial tenants in the Tower. Two tenants have leases and two tenants are renting on a month to month basis. The cost of relocation will not be underwritten within the mortgage. The sponsor is totally responsible for all relocation costs. The San Jose Redevelopment Agency will be responsible for monitoring and certifying compliance with the Uniform Relocation Act.