

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/07/05
AGENDA ITEM 8
WORK SESSION ITEM _____

TO: Housing Authority Board
FROM: Director of Community and Economic Development
SUBJECT: Assumption Agreement for Barrington Hills Apartments

RECOMMENDATION:

It is recommended that the Housing Authority Board adopt the attached resolution authorizing the Executive Director to sign the Assumption Agreement transferring the ownership of Barrington Hills Apartments from Ameriton Properties, Incorporated to Fairfield Residential, LLC.

DISCUSSION:

Barrington Hills is a 188 unit apartment complex located at the corner of Tennyson and Mission. Revenue from the sale of tax exempt mortgage revenue bonds issued in 1985 by the Housing Authority of the City was used to finance the construction of the complex. The regulatory agreement between the City and the original developer requires that twenty percent of the total units (38 units) be made affordable to households earning incomes no more than 70% of median.

On December 19, 2000 the City Council approved transfer of the ownership of Barrington Hills to Ameriton Properties, Inc. Ameriton is a subsidiary of Archstone-Smith, a publicly traded Real Estate Investment Trust. Archstone Communities, another Archstone-Smith subsidiary, has provided the on-site property management. During their tenure as the complex manager, Archstone Communities' compliance with the reporting and issuer fee requirements of the Regulatory Agreement has been inconsistent.

Fairfield Residential, LLC is in contract with Ameriton to purchase Barrington Hills. They propose to assume the current financing and comply with the existing regulatory agreement. Additionally, Fairfield will complete modest deferred maintenance work on the exterior of the entire complex and the interiors of each unit using their own capital. Fairfield is not requesting the issuance of any additional debt.

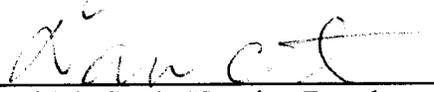
Nationwide, Fairfield operates more than 12,000 units that are subject to regulatory agreement rent and occupancy restrictions. Fairfield has a regional office in San Ramon and they currently manage more than 20 complexes in northern California, many similar to Barrington Hills. Staff

from the cities of Sacramento, San Ramon and San Jose all report that Fairfield is a responsible and effective manager of bond-financed properties with rent-restricted affordable units.

The Barrington Hills regulatory agreement requires that the Housing Authority approve the transfer of the property and assumption of the financing if the new purchaser assumes all of the current owner's duties and obligations under the Regulatory Agreement and is willing and capable of complying with these terms and conditions; and the City's Bond Counsel verifies that the purchaser will assume all obligations under the regulatory agreement and that the transfer to the new owner will not affect the tax exempt status of the bonds. Based on staff's review of the materials submitted we believe that the purchaser is capable and willing to comply with the terms of all current agreements related to Barrington Hills.

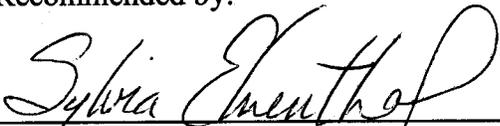
The proposed transfer and assumption does not call for any changes to the current Regulatory Agreement. However, Fairfield has agreed to pay penalties to the City if the reporting and fee requirements of the Regulatory Agreement are not met. Staff is recommending that the Housing Authority Board authorize the Executive Director to execute the Assumption Agreement.

Prepared by:



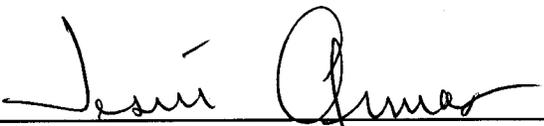
David C. Stark, Housing Development
Specialist

Recommended by:



Sylvia Ehrenthal, Director of Community
and Economic Development

Approved by:



Jesús Armas, City Manager

Resolution

HOUSING AUTHORITY OF THE CITY OF HAYWARD

RESOLUTION NO. HA-_____

Introduced by Commissioner _____

RESOLUTION AUTHORIZING THE EXECUTIVE
DIRECTOR TO EXECUTE AN ASSUMPTION AGREEMENT
TRANSFERRING OWNERSHIP OF BARRINGTON HILLS
APARTMENTS

BE IT RESOLVED by the City Council of the City of Hayward that the Executive Director of the Housing Authority Board is authorized and directed, on behalf of the City of Hayward, to execute the Assignment, Assumption, Consent and Release Agreement (Assumption Agreement) transferring the ownership of Barrington Hills Apartments from the Ameriton Properties, Incorporated to Fairfield Residential, LLC in a form to be approved by Counsel for the Housing Authority Board.

HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COMMISSION MEMBERS:
CHAIR:

NOES: COMMISSION MEMBERS:

ABSTAIN: COMMISSION MEMBERS:

ABSENT: COMMISSION MEMBERS:

ATTEST: _____
Secretary of the Housing Authority of the
City of Hayward

APPROVED AS TO FORM:

Counsel of the Housing Authority for
the City of Hayward