

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL ASSIGNMENT TO APPLE VALLEY OLIVE GROVE, L.P., EXTENSION OF THE TERM OF ITS LOAN NOS. 9030-0955-01, 9930-1125-03, 9930-1-75-02, 9930-1085-02, and 9930-1065-02 TO OLIVE GROVE APARTMENTS, L.P FOR OLIVE GROVE APARTMENTS, FROM DECEMBER 16, 2059 TO JUNE 30, 2082, AN EXTENSION OF THE REGULATORY AGREEMENT FROM OCTOBER 19, 2061 TO JUNE 30, 2082, FORGIVENESS OF ACCURED INTEREST AND SUBORDINATION OF ITS LOANS TO A REFINANCED SENIOR MORTGAGE

WHEREAS, the Housing Authority has provided loans to Olive Grove Apartments, L.P., through Burbank Housing Development Corporation (BHDC) for the acquisition, predevelopment, and development of Olive Grove Apartments (Project) located at 1905 – 1985 Zinfandel Avenue, Assessor's Parcel Numbers 152-110-016 and 152-110-017; and

WHEREAS, the Project is a 128-unit multifamily rental development with 126 units affordable to extremely low-, very low-, and low-income households that was constructed and placed in service in 2006; and

WHEREAS, the Housing Authority has provided the Project with five loans in the outstanding principal amount of \$5,471,000.00 and accrued interest, as of July 31, 2024, in the amount of \$2,484,404.57 (Loans); and

WHEREAS, the Loans have a due date of December 16, 2059 and are secured against the subject property by a Deed of Trust; and

WHEREAS, the Project is governed by a 55-year Regulatory Agreement restricting the affordability of the Project through October 19, 2061 with the following unit mix: 45 units affordable to households at 30% of Area Median Income (AMI), 31 units affordable to households at 50% of AMI, and 50 units affordable to households at 60% AMI and 2 unrestricted managers' unit; and

WHEREAS, in 2022, the limited partner exited the partnership, as is customary in tax credit partnerships following the 15-year tax credit period, Burbank Housing Communities Corporation (BHCC) assumed the limited partner interest in Olive Grove Apartments, L.P., with 100% of ownership being held by BHCC and BHDC; and

WHEREAS, in addition to loans from the Housing Authority, the Project is also encumbered by a first mortgage from California Community Reinvestment Corporation and a loan from the California Department of Housing and Community Development's Multifamily Housing Program, of which the Housing Authority is in second lien position; and

WHEREAS, BHDC desires to consolidate the Project with four other project sites, 2862 & 2866 Apple Valley Lane, 2870 & 2874 Apple Valley Lane, Papago Court Apartments and Paulin Creek Apartments in order to apply for and obtain tax credits for a "scattered-site"

project identified as Apple Valley Scattered Sites that will fund rehabilitation at all five project sites; and

WHEREAS, forgiving the accrued interest on the loans will assist BHDC in leveraging approximately \$3,500,000.00 in additional funding for rehabilitation of Apple Valley Scattered Sites; and

WHEREAS, as identified in the proposal, the 126 units at Olive Grove will have the following affordability mix: 45 units affordable to households at 30% of AMI, 1 unit affordable to households at 40% of AMI, 31 units affordable to households at 50% of AMI, and 49 units affordable to households at 60% of AMI, and two unrestricted manager's units; and

WHEREAS, conditional approval of the loan extension, forgiveness of accrued interest and extension of the term of the Regulatory Agreement will maintain 126 units of affordable housing and will allow BHDC to conduct necessary rehabilitation of Project improvements without additional financial commitment from the Housing Authority and extend the term of the Regulatory Agreement by 21 years, insuring additional affordability for Santa Rosa residents; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby conditionally approves the following:

1. Assignment of the Olive Grove Apartments L.P., loan to Apple Valley Olive Grove L.P.;
2. Forgiveness of the accrued interest of the Olive Grove Apartments, L.P. as of the date of loan consolidation;
3. Extension of the term of its loans for Olive Grove Apartments for 23 years, from December 16, 2059 to June 30, 2082; and
4. Extension of the term of the associated Regulatory Agreement, from October 19, 2061 to June 30, 2082; and
5. Subordination of the loan(s) to the new senior mortgage and any applicable CDLAC/CTCAC requirements.

BE IT FURTHER RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the conditional consolidation of the loans subject to the following conditions:

1. The forgiveness of accrued interest and consolidation of loans will only occur if the scattered-site project is awarded tax-exempt bonds and tax credits.
2. Upon loan consolidation the new interest rate will be set at the Applicable Federal Rate, but at a rate no lower than 3%, simple interest, residual cash receipts for the term of the loan.

3. The rehabilitation of units at the Project must be in compliance with the Federal Fair Housing Act regarding accessibility of housing units;
4. The borrower will enter into a new Regulatory Agreement specific to Olive Grove which may result in an increase to the annual compliance monitoring fees charged for the affordable units.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute any and all agreements necessary or convenient to effectuate the applicable loan modification and consolidation, regulatory agreement amendment, the subordination agreement, and any other related documents required by the senior lender consistent with this Resolution.

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this _____ day of _____, 2024.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Chair

ATTEST: _____
Secretary