



June 27, 2024

Nicole Del Fiorentino
Housing and Community Services Manager
City of Santa Rosa
100 Santa Rosa Ave
Santa Rosa, CA 95404

RE: Request for Modification and Extension of Existing Santa Rosa Housing Authority Loans and Regulatory Agreements for Paulin Creek, Papago Court, Baby Apples, and Olive Grove

Dear Nicole:

Burbank Housing is pursuing a much-needed rehabilitation project for its properties **Paulin Creek, Papago Court, Baby Apples, and Olive Grove** in Santa Rosa, which combined have **232 units** of affordable housing. The rehabilitation project will improve the physical and financial viability of those properties and preserve the affordability of these homes well into the future. **This letter serves as Burbank Housing's request for a modification and extension of the existing Santa Rosa Housing Authority (SRHA) loans and regulatory agreements on these properties.**

The rehabilitation project is planned to be financed using tax-exempt bonds allocated by the California Debt Limit Allocation Committee (CDLAC) and low-income housing tax credits allocated by the California Tax Credit Allocation Committee (CTCAC), for which a combined CDLAC/CTCAC application is due on August 27, 2024. Award notification is anticipated for December 11, 2024, with construction closing anticipated for June 1, 2025.

A critical component of the feasibility of the rehabilitation project is for the existing SRHA loans on the properties to be combined into a single loan and extended to a new 57-year term from the anticipated closing date of June 1, 2025. It is also critical that the accrued interest be added to the principal balances of the existing loans. Per the requirements of CTCAC, the new loan would need to have an interest rate of at least the Applicable Federal Rate (AFR) as of the closing date. Currently, the AFR is at 4.61% which is higher than the interest rates of these existing SHRA loans. To be in line with the SHRA's underwriting policies, a floor of 3.00% interest on these loans can be applied should the AFR at the time of closing fall below 3.00%.

The modified and extended loans would then be assigned to a new, to be-formed tax credit partnership in which Burbank Housing would be the General Partner. As a part of this process, the existing SRHA regulatory agreements would also be extended to a new 57-year term, or replaced with a new regulatory agreement for all of the properties, ensuring long-term affordability.

A list of the existing SRHA loans, attached as Exhibit A, includes the loan numbers, property names, property addresses, unpaid principal balances, and accrued interest. For the purpose of the CDLAC/CTCAC application, we kindly request a commitment letter from SRHA in the form attached as Exhibit B and ask to work with you to determine the projected accrued interest as of June 1, 2025 to be indicated on the commitment letter.

We greatly appreciate your consideration of this request and your partnership in ensuring the long-term affordability and viability of these important affordable housing properties. Please do not hesitate to contact me at jlin@burbankhousing.org or (707) 303-0590 with any questions.

Sincerely,

Jocelyn Lin
Director of Housing Development

Exhibit A
Loan Schedule

Property	Address	Loan Number	Unpaid Principal Balance (as of 12/31/23)	Accrued Interest (as of 12/31/23)	Total Loan Balance (as of 12/31/23)
Papago Court		9029-0505-97	\$ 1,007,234	\$ 652,156	\$ 1,659,390
Papago Court		9929-0515-97	\$ 137,416	\$ 90,854	\$ 228,270
Papago Court		6924-9633-0	\$ 18,856	\$ 10,844	\$ 29,700
Papago Court	2830 Papago Court,	6029-0773-98	\$ 68,856	\$ 43,435	\$ 112,291
Papago Court	Santa Rosa, CA	8624-9633-98	\$ 127,152	\$ 78,627	\$ 205,779
Papago Court		9929-2505-14	\$ 1,470,646	\$ 170,982	\$ 1,641,628
Papago Court		6824-9633-98	\$ 30,000	\$ 18,551	\$ 48,551
Papago Court		9930-1665-06	\$ 298,000	\$ 104,769	\$ 402,769
Paulin Creek		9929-2555-15	\$ 1,143,881	\$ 263,915	\$ 1,407,796
Paulin Creek		9929-0842-00	\$ 3,183,930	\$ 1,681,285	\$ 4,865,215
		9929-0732-01			
		9929-0742-00			
		9029-0673-99			
	2824 Apple Valley	6029-0743-97			
	Lane, Santa Rosa,	9929-2515-14			
	CA	9930-1675-06			
		9029-0732-00			
		9929-0822-00			
		9029-0663-99			
		6029-0723-97			
		9929-0782-00			
		9029-0683-99			
Baby Apples		8029-9353-98	\$ 51,840	\$ 35,542	\$ 87,382
Baby Apples		6029-9353-98	\$ 30,000	\$ 23,412	\$ 53,412
Baby Apples	2862, 2866, 2870	9929-2873-17	\$ 372,160	\$ 60,259	\$ 432,419
Baby Apples	and 2875 Apple	6029-9354-98	\$ 38,340	\$ 25,006	\$ 63,346
Baby Apples	Valley Lane, Santa	6929-9354-00	\$ 30,000	\$ 23,412	\$ 53,412
Baby Apples	Rosa, CA	8029-9354-98	\$ 17,000	\$ 13,267	\$ 30,267
Baby Apples		9929-2883-17	\$ 372,161	\$ 60,259	\$ 432,420
Baby Apples		9029-0643-99	\$ 122,540	\$ 88,579	\$ 211,119
Baby Apples		9929-0653-9	\$ 20,760	\$ 14,816	\$ 35,576
Olive Grove		9930-1065-02	\$ 5,471,000	\$ 2,388,624	\$ 7,859,624
	1945 Zinfandel	9930-1085-02			
	Avenue Santa Rosa,	9930-1075-02			
	CA	9930-1125-03			
		9030-0955-01			
Totals			\$ 14,011,772	\$ 5,848,594	\$ 19,860,366

*All loans to be combined into a single loan of \$19,860,366 (plus accrued interest as of approximately June 1, 2025) and extended to a new 57-year term at an interest rate of the Applicable Federal Rate as of closing (currently 4.61%)

Exhibit B
Form of Commitment Letter

DATE

California Tax Credit Allocation Committee
915 Capitol Mall, Suite 485
Sacramento, CA 95814

Dear TCAC:

This letter is to acknowledge that the **LENDER ("LENDER")** supports the rehabilitation of **PROJECT** Apartments in **CITY**. In supporting the rehabilitation, the **Lender** will modify the project's loans with the **LENDER** for the single new tax credit partnership, to be controlled by **DEVELOPER** and its affiliates.

Below, please find a summary of the **Lender's** loans and modifications:

Source	Current Principal	Accrued Interest through DATE*	Total Principal and Interest	Current Interest Rate	Proposed Interest Rate	Extended Loan Maturity
NAME	\$	\$	\$	RATE%	AFR at time of construction closing (estimated - DATE)	57 years

**Note: The accrued interest amount is subject to change.*

New Committed Loan Amounts and Terms

Type	Source	Principal Amount	Accrued Interest PROJECTED CLOSING DATE	Total Loan Amount	Interest Rate	New Loan Term
Loan	NAME	\$	\$	\$	AFR at the time of construction closing	57 Years
Loan		\$	\$	\$	AFR at the time of construction closing	57 Years
Loan		\$	\$	\$	AFR at the time of construction closing	57 Years

DEVELOPER intend to sponsor a new Federal Low Income Housing Tax Credit project for the purposes of substantially rehabilitating **PROJECT** Apartments. **CURRENT OWNERSHIP**, has site control for

this project. **DEVELOPER** supports the LIHTC application and will participate in the future ownership structure through an **NAME OF ENTITY** which will serve as the General Partner. A new tax credit partnership will also be created and an **NAME OF ENTITY** will serve as General Partner.

The **Lender** supports this project and will modify existing regulatory agreement and loans for the new tax credit financing. Modification includes extending the term of its loans and affordability restrictions for a 57-year term and restating the principal and accrued interest rate at the Applicable Federal Rate (AFR) at the date of the closing, of the new financing. The **Lender** will also resubordinate its loans to the senior mortgage and senior residual receipts financing. The **Lender** may also allow additional financing subject to County program requirements.

Finally, the **Lender's** regulatory agreements and loans will be assumed by the new ownership entity and the assumption will take place upon the acquisition and prior to the commencement of the rehabilitation of this project.

If you have any questions or require additional information, please contact **NAME** at **CONTACT**.

Sincerely,

NAME
TITLE