



BURBANK HOUSING DEVELOPMENT CORPORATION LOAN MODIFICATION REQUEST – LANTANA PLACE HOMES

Housing Authority Meeting
October 28, 2019

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PROJECT HISTORY

- 2007: approved a 100-unit multifamily project (99 income-restricted & 1 manager's unit) for low, very low, and extremely low-income households; *Loan #1 \$1,878,703*
- 2010: revised to 96-unit multifamily project (94 income-restricted & 2 managers' units) for very low and extremely low-income households; *Loan #2 \$500,000*

PROJECT HISTORY

- 2017: HUD initiated review of project that had not progressed
- 2017: Shift to 48 homeownership units for low and moderate-income households; *Loan #3 \$3,400,000*
- 2018: Additional funding for ownership project; *Loan #4 \$1,300,000*
- Total Loan Principal \$7,078,703

CURRENT

- 48 Unit Homeownership Project
- Affordable @ 80% - 120% AMI
- Four Housing Authority Loans
 - Total Principal \$7,078,703
- 3% Simple Interest, Deferred Payment

PROPOSED

- Forgiveness of all interest accrued
- Modify existing PN and DOT to reduce encumbrance to \$3,502,944 at 0% interest until units are sold
- Enter into new unsecured PN for \$3,575,759
- At sale of units, convert \$3,502,944 to down payment assistance at 3% simple interest, deferred payment for 30 years
- Modify targeted income levels from 80% - 120% AMI to 70% - 95% AMI

BENEFIT

- Relieves over-encumbrance of real property to allow construction financing to be secured on the property
- Provides homeownership opportunities to households earning 70% - 95% of AMI
- Completes “pipeline” project (10+ years)

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, approve Burbank Housing Development's request to modify its Housing Authority Loans in the total principal amount of \$7,078,703 as follows:

RECOMMENDATION, CON'T

- a. Forgive all interest accrued on the Loan in the approximate amount of \$992,500 (final amount to be determined as of date of Loan Modification);
- b. Modify existing Promissory Note and Deed of Trust to reduce the total amount to \$3,502,944 at 0% interest until units are sold;

RECOMMENDATION

- c. Enter into a new unsecured Promissory Note in the amount of \$3,575,759;
- d. Upon sale of the individual units, convert the \$3,502,944 into down payment assistance for each home purchaser at 3% simple interest, deferred payment, for a term of 30 years; and
- e. Modify targeted homeownership income levels from 80% - 120% to 75% - 90%.

- Questions?