

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING BURBANK HOUSING DEVELOPMENT'S LOAN MODIFICATION REQUEST FOR LANTANA PLACE HOMES LOCATED AT 2979 DUTTON MEADOW (APN 043-121-013); LOAN NOS. 9032-1825-07, 9932-1835-07, 9932-2075-10, 9932-2781-17, 9932-2791-17, 9932-2810-17, AND 9932-3015-18

WHEREAS, between 2007 and 2018 the Housing Authority (Authority) provided four loans totaling \$7,078,703 (Authority Loan) to Burbank Housing Development Corporation (BHDC) for the acquisition and development of Lantana Place Homes (Project), a 48-unit homeownership project; and

WHEREAS, the Project was recast as 48 homeownership units in 2017 to address: (a) the financing gaps for rental housing associated with the suspension of the state's Multifamily Housing Program and the dissolution of statewide redevelopment programs; (b) the US Department of Housing & Urban Development's inquiry into the delayed status of the Project; and (c) rising construction costs; and

WHEREAS, the anticipated cost of completing the Project will result in an over-encumbrance on the property when combined with anticipated construction costs; and

WHEREAS, to ensure that BHDC can secure construction financing, BHDC is requesting modification to its Authority Loans; and

WHEREAS, to provide the new affordable homeownership units, lessen the likelihood of being required to repay the fair market value of the parcel to the United States Department of Housing & Urban Development (HUD), and ensure the successful completion of the Project, the Authority hereby waives the applicable portions of the Low-Income Housing Production Policy (LIHP); and

WHEREAS, the modification of BHDC's Authority Loans will allow the Project to be built and will further allow modification of the Project to provide affordable homeownership opportunities to low- and moderate-income households where it currently only provides moderate-income units.

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

1. Forgiveness of all interest accrued on BHDC's loans for Lantana Place Homes in an approximate amount of \$992,500 (final amount to be determined as of the date of Loan Modification);
2. Modification of the existing Promissory Note and Deed of Trust to reduce the total amount to \$3,502,944 at 0% interest until the units are sold;

3. Entry into a new, unsecured Promissory Note in the amount of \$3,575,759 with amortized monthly payments starting two years from the date the new Promissory Note is signed at 0.5% interest for a term of 55 years with the remaining balance paid in a balloon payment in 30 years;
4. Upon sale of the 48 individual units, conversion of the \$3,502,944 in the secured Promissory Note into down payment assistance for each home purchaser at 3% simple interest, deferred payment, for a term of 30 years; and
5. Modification of the targeted homeownership income levels from households earning 80% - 120% of Area Median Income to households earning 70% - 95% of AMI.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to negotiate the final unsecured loan amount as determined at the close of the construction loan/Loan Modification, not to exceed \$3,575,759.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute any agreements and other related documents for the loan modification consistent with this Resolution, including any required subordination to the construction loan, permanent financing and any other necessary funding for development of the Project.

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this _____ day of _____, 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Chair

ATTEST: _____
Secretary