



BURBANK HOUSING DEVELOPMENT CORPORATION
AND BURBANK HOUSING NEIGHBORHOOD
REVITALIZATION CORPORATION REQUEST FOR
CONDITIONAL CONSOLIDATION, EXTENSION AND
MODIFICATION OF LOANS FOR 2862, 2866, 2870 & 2874
APPLE VALLEY LANE, PAPAGO COURT, PAULIN CREEK
AND OLIVE GROVE APARTMENTS

Housing Authority Meeting
August 26, 2024

Megan Basinger, Director
Housing & Community Services

- Burbank Housing is pursuing a tax credit and bond application to finance the rehabilitation of project of 5 sites – Apple Valley Scattered Sites
 - 2862 and 2866 Apple Valley Lane
 - 2870 and 2874 Apple Valley Lane
 - Paulin Creek
 - Papago Court
 - Olive Grove Apartments

- Apple Valley Scattered Sites is applying for 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)
- The combined CDLAC/CTCAC application is due on August 27, 2024

CURRENT PROJECT INFORMATION

2862 & 2866 Apple Valley Lane (Baby Apples)

- Acquired and initially rehabilitated by Burbank Housing in 1997
- 4 units, 3 affordable to 60% of AMI
- Existing Loan
 - \$453,999.95 in unpaid principal
 - \$127,161.43 in accrued interest (7/31/24)
 - \$581,161.37

CURRENT PROJECT INFORMATION

2870 & 2874 Apple Valley Lane (Baby Apples)

- Acquired and initially rehabilitated by Burbank Housing in 1997
- 4 units, 3 affordable to 60% of AMI
- Existing Loan
 - \$453,500.98 in unpaid principal
 - \$129,954.33 in accrued interest (7/31/24)
 - \$587,454.71

CURRENT PROJECT INFORMATION

Papago Court Apartments

- Acquired and rehabilitated by Burbank Housing in 1997
- Located at 2820 – 2838 Papago Court and 2852 and 2860 Apple Valley Lane
- 48 units, 47 affordable to 50% and 60% of AMI
- Existing Loan
 - \$3,158,160.00 in unpaid principal
 - \$1,225,505.81 in accrued interest (7/31/24)
 - \$4,383,665.81

CURRENT PROJECT INFORMATION

Paulin Creek Apartments

- Acquired and rehabilitated by Burbank Housing in 1997
- Located at various addresses on Apple Valley Lane and West Steele Lane
- 48 units, 47 affordable to 50% and 60% of AMI
- Existing Loan
 - \$4,327,810.83 in unpaid principal
 - \$2,020,966.35 in accrued interest (7/31/24)
 - \$6,348,777.18

CURRENT PROJECT INFORMATION

Olive Grove Apartments

- Constructed by Burbank Housing in 1997
- Located at 1905 -1985 Zinfandel Avenue
- 128 units, 126 affordable to 30%, 50%, and 60% of AMI
- Existing Loan
 - \$5,471,000.00 in unpaid principal
 - \$2,484,404.57 in accrued interest (7/31/24)
 - \$7,955,404.57

LOAN CONSOLIDATION REQUEST

- Combined loans:
 - \$13,868,471.76 - unpaid principal
 - \$ 5,987,992.48 - accrued interest as of 7/31/24
 - \$19,856,464.24 TOTAL
- Extending the loan terms and forgiving the accrued interest will allow Burbank Housing to pursue tax credits and bonds for rehabilitation
- Forgiven interest leverages an additional \$3.5M in funding
- No additional funding needed from Housing Authority

PROPOSED REHABILITATION PROJECT

- Proposed rehabilitation hard costs of Apple Valley Scattered Sites are \$22.9M
- The Physical/Property Needs Assessments for Apple Valley, Papago Court , Paulin Creek, and Olive Grove Apartments identified immediate needs as well as replacement needs

PROPOSED REHABILITATION PROJECT

- The timing of the request is critical, apply for funding in CDLAC and CTCAC's final funding round in 2024, closing on August 27
- There is an anticipated surplus in tax-exempt bonds allocated by CDLAC, and CTCAC is expected to be undersubscribed which reduces competition for the funds
- The next application round in 2025 may not include the opportunity for rehabilitation funds and the competition for future funds is unknown

PROPOSED LOAN MODIFICATION

- Loan consolidation, modification and extension, including a new regulatory agreement with a 57-year term
- Extends the affordability of all five sites through the June 30, 2082
- To ensure competitiveness, the application must score full points under the “leveraged public resources” category
- Forgiving the interest, currently ~\$5.9M, will leverage an additional \$3.5M in resources and ensure competitiveness for the rehabilitation funding application

PROPOSED LOAN MODIFICATION

- Loan consolidation, extension and modification is conditioned upon Burbank Housing's successful application for rehabilitation funds through CDLAC/CTCAC for the new scattered-site project
- The consolidated loan of \$13,868,472 will begin accruing interest at the Applicable Federal Rate (AFR), which is currently 4.61% ,with a floor of 3%, equal to the current interest rate on the existing loans

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by five resolutions, conditionally approve a consolidation, extension and modification to the loans for 2862 and 2866 Apple Valley Lane, 2870 and 2874 Apple Valley Lane, Papago Court, Paulin Creek and Olive Grove Apartments to: 1) consolidate the existing loans that are secured on the five project sites; 2) forgive the accrued interest on the five project sites at the time of loan modification; 3) extend the loan term(s) for 57 years at the Applicable Federal Rate, with a floor of 3%; 4) extend the term of the Regulatory Agreements recorded against each project site to June 30, 2082; 5) assign the loans to Apple Valley Olive Grove, L.P., and 6) authorize the Executive Director to enter into any and all agreements necessary to carry out the director of the Housing Authority.