

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. 6824-9633-98, 8624-9633-98, 9929-2505-14, 9930-1665-06, 6029-0773-98, 9929-0515-97, 6924-9633-00, AND 9029-0505-97 FOR PAPAGO COURT APARTMENTS, FROM VARIOUS DATES TO JUNE 30, 2082, AN EXTENSION OF THE REGULATORY AGREEMENT FROM JUNE 1, 2054 TO JUNE 30, 2082, FOREGIVENESS OF ACCURED INTEREST AND SUBORDINATION OF ITS LOANS TO A REFINANCED SENIOR MORTGAGE

WHEREAS, the Housing Authority has provided loans to Papago Court/Apple Valley Apartment Investors, L.P., through Burbank Housing Development Corporation (BHDC) for the acquisition and rehabilitation of Papago Court Apartments (Project) located at 2820-2838 Papago Court and 2852 & 2860 Apple Valley Lane, Assessor's Parcel Numbers 015-520-017 and 015-520-035; and

WHEREAS, the Project is a 48-unit multifamily rental development with 47 units affordable to very low- and low-income households; and

WHEREAS, the Housing Authority has provided the Project with eight loans in the outstanding principal amount of \$3,158,160.00 and accrued interest, as of July 31, 2024, in the amount of \$1,225,505.80 (Loans);

WHEREAS, the Loans have a variety of due dates ranging between August 4, 2027 and April 28, 2049 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 January 1, 2054 with the following unit mix: 9 units affordable to households at 50% AMI, 38 units affordable to households at 60% of AMI, and 1 unrestricted manager's unit;

WHEREAS, the Project is owned by Papago Court/Apple Valley Apartment Investors, L.P., and in addition to the Housing Authority loans, the Project is also encumbered by a first mortgage from Berkadia Commercial Mortgage that is in first lien position, and two loans from BHDC that are behind the Housing Authority; and

WHEREAS, BHDC desires to consolidate the Project with four other sites, 2862 and 2866 Apple Valley Lane, 2870 and 2874 Apple Valley Lane, Paulin Creek Apartments, and Olive Grove 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 47 units at Papago Court will have the following affordability mix: 3 units affordable to households at 30% of AMI, 1 unit affordable to households at 35% of AMI, 14 units affordable to households at 50% of AMI, and 29 units affordable to households at 60% of AMI, and one 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 47 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 28 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 Papago Court/Apple Valley Investors L.P., loan to Apple Valley Olive Grove L.P.;
2. Forgiveness of the accrued interest of the Papago Court/Apple Valley Investors L.P. as of the date of loan consolidation;
3. Extension of the term of its loans for Papago Court Apartments to June 30, 2082; and
4. Extension of the term of the associated Regulatory Agreement, from June 1, 2054 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 Papago Court 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