

RESOLUTION NO. 22-08-CHA

A RESOLUTION OF THE CARSON HOUSING AUTHORITY MAKING CERTAIN FINDINGS AND AUTHORIZING STAFF TO PROCEED TO EVALUATE AFFORDABLE HOUSING PROJECTS OWNED AND OPERATED BY ENTITIES CONTROLLED BY THOMAS SAFRAN & ASSOCIATES (TSA) WITH RESPECT TO (I) THE REFINANCING AND REHABILITATION OF TWO (2) AFFORDABLE HOUSING PROJECTS COMMONLY KNOWN AS VILLAGGIO I SENIOR APARTMENTS (AKA GRACE HOUSING) AND VILLAGGIO II SENIOR APARTMENTS (JOINTLY VILLAGGIO PROPERTIES); (II) EXTEND THE MATURITY DATES OF THE LOANS; AND (II) INCREASE RENT SUBSIDY FOR AVALON COURTYARD PROJECT AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE ANY AND ALL DOCUMENTS TO EFFECT THE PROPOSED REFINANCING WHICH SHALL BE PRESENTED TO THE BOARD FOR APPROVAL.

**WHEREAS**, Thomas Safran & Associates (“**Developer**”) acquired, developed and now operates a 92-unit affordable housing project located at 22121 S. Avalon Blvd (“**Avalon Courtyard**”) pursuant to a disposition and development agreement in 1992 which was subsequently amended twice pursuant to which the Carson Redevelopment Agency (“**Former RDA**”) provided a \$5,000,000 loan bearing 5% simple interest and payable from 32.83% of the residual revenue receipts and with a current balance of \$2,681,000 (“**Avalon Courtyard Loan**”); and

**WHEREAS**, Developer also developed another affordable project at 555 East Carson Street in 2 phases with the first phase consisting of 84 senior units (“**Villaggio I**”) and the second phase consisting of 65 family units (“**Villaggio II**”) (Villaggio I and Villaggio II are sometimes jointly hereinafter referred to as the “**Villaggio Properties**”); and

**WHEREAS**, as part of the development of Villaggio I, the Former RDA provided a loan in the original amount of \$4,123,756 bearing 3% simple interest, and which is payable from 50% of the residual receipt revenue and matures on September 1, 2037 (“**Villaggio I Loan**”) and which is subordinate to a CalHFA loan in the amount of \$3,058,372 (“**Villaggio I CalHFA Loan**”); and

**WHEREAS**, as part of the development of Villaggio II, the Former RDA provided a loan in the original amount of \$2,611,587 bearing 3% simple interest, and which is payable from 50% of the residual receipt revenue and matures on September 1, 2039 (“**Villaggio II Loan**”) and which is subordinate to a CalHFA loan in the amount of \$3,804,582 (“**Villaggio II CalHFA Loan**”); and

**WHEREAS**, the Carson Housing Authority (“**Authority**”) is the successor in interest to the Former RDA; and

**WHEREAS**, Developer proposes to refinance the senior loan for Avalon Courtyard on the following terms (“**Avalon Refinance Proposal**”):

(i) refinance the senior loan to increase it by \$3,850,000 which will be allocated as follows: \$3,000,000 for capital improvements and \$850,000 for replacement and operating reserves; and

(ii) modify the existing Avalon Loan to extend the maturity date to 2058;

(iii) allow Very Low Income units to “float up” to Low Income units upon reletting to new tenants;

(iv) extend the existing rental subsidy for 80 units to be extended for 15 years;

(v) allow increase management fee to \$12,500; and

**WHEREAS**, Developer proposes to refinance the Villaggio I CalHFA Loan and the Villaggio II CalHFA Loan on the following terms (“**Villaggio Refinance Proposal**”):

(i) refinance the existing loan to increase by approximately \$7,750,000 which will be allocated as follows: \$3,500,000 for capital improvements, \$1,500,000 replacement and operating preserves; and \$1,750,000 will be paid to Authority to reduce the existing loan; and

(ii) modify both the existing Villaggio I Loan and Villaggio II Loan to extend the maturity dates to 2058; and

**WHEREAS**, to effectuate Avalon Refinance Proposal and the Villaggio Refinance Proposal, the Authority will need to amend and subordinate the existing Avalon Courtyard Loan and the Villaggio I Loan and Villaggio II Loan to the new senior loans; and

**WHEREAS**, RSG Consultants (“**RSG**”) has been retained by Authority to assist in analyzing the Avalon Courtyard Proposal and the Villaggio Refinance Proposal; and

**WHEREAS**, Staff shall be advised by RSG and the City Attorney’s office with respect to the documentation and requirements for the Avalon Courtyard Proposal and the Villaggio Refinance Proposal which will require subordination of the existing loans to new senior financing, any amendments to the existing Authority loans and to increase rental subsidies as noted above; and

**WHEREAS**, Prior to proceeding with the refinancing, Developer shall execute a reimbursement agreement to reimburse Authority for all its costs and expenses incurred with respect to the Avalon Courtyard Proposal and the Villaggio Refinance Proposal.

NOW, THEREFORE, based on the evidence presented to the Authority, including the written staff report and oral testimony on this matter, the Authority does hereby find, determine and resolve as follows:

**Section 1.** The above recitals are all true and correct and adopted as findings.

**Section 2.** Under the direction of the Executive Director, Staff is authorized to proceed with the Avalon Refinance Proposal and the Villaggio Refinance Proposal and to negotiate the necessary documents on the terms the Executive Director determines reasonable on behalf of the Authority with the final documents to be presented to the Board for approval prior to execution.

**PASSED, APPROVED and ADOPTED** this 21<sup>st</sup> day of June, 2022.

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Lula David-Holmes, Chairman

ATTEST:

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Dr. Khaleah K. Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER LLP

By: \_\_\_\_\_  
Sunny K. Soltani, Authority Counsel