

# STAFF REPORT

## Lancaster Housing Authority

HA CC 1
10/22/2024
TN

Date: October 22, 2024

To: Chair Parris and Authority Board Members

From: Chenin Dow, Assistant Director  
Christopher Aune, Housing Manager

Subject: Subordination Agreement, allowing Urban Renewal, L.P. to Proceed with a Refinance of the Senior Loan for Arbor Gardens Senior Apartments

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### Recommendation:

1. Authorize the Executive Director, or his designee, to negotiate, finalize, and execute two subordination agreements in a form approved by the City Attorney with respect to a \$3,300,000.00 Lancaster Housing Authority (“Authority”) Loan, a \$475,000.00 Authority loan, and a new loan of \$5,900,000.00 from PNC Bank, National Association, allowing Urban Renewal, L.P. to proceed with mortgage refinance of the senior loan for Arbor Gardens Senior Apartments.
2. Authorize the Executive Director, or his designee, to finalize and execute all related documents in a form approved by the City Attorney.

**G.C. Section 84308:** No

### Fiscal Impact:

None.

### Background:

In September 2003, the Authority issued loans in the amount of \$3,300,000.00 and \$475,000.00 for Arbor Gardens Senior Apartments (the “Loans”). The project is owned and operated by Urban Renewal L.P. (the “Developer”). A Regulatory Agreement and Declaration of Covenants were recorded simultaneously for the property to remain affordable for fifty-five (55) years, a condition of issuing the Loans.

Upon award, the Loans were placed in a junior position to a larger, senior loan on the project with the agreement of the Authority. In October 2014, the Authority again agreed to subordinate the Loans to a senior loan. This senior loan matures on November 1, 2024.

Now, PNC Bank, National Association is poised to issue a refinancing loan to Urban Renewal L.P. in the original principal amount of \$5,900,000.000 (Senior Loan), upon the terms and conditions of a Multifamily Loan and Security Agreement dated as of October 31, 2024. The Senior Loan is secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing. The proposed Senior Loan will replace the previous senior loan; thus, the Authority Loans would remain in a junior position, as has been the case since their original issuance.

The proposed action would authorize the Executive Director or his designee to negotiate, finalize, and execute two subordination agreements to this effect, in a form approved by the City Attorney.

This action will ensure the continued availability of deed-restricted units at Arbor Gardens, thus providing a safe, affordable place to live for low-income seniors in our community.

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