

Park Crossing Apartments

1068 Raymond Avenue

HRA Loan Subordination

February 5th, 2025



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Background

- The building at 1068 Raymond Ave contains 19 units, with a mix of one (3), two (11), and three-bedroom (5) apartments.
- PPL owned and operated at 50% AMI or below for 30+ years until PPL sold to new owners in Oct '24.
- HRA subordinated to a new first lender, extended the loan terms, increased AMI from 50% or below to 60% or below, and required a relocation agreement for existing tenants.





Background

- In 1991, the HRA provided a \$525,000 loan for the original construction of the property. The current loan terms are:
 - Deferred until Maturity on Sept 30, 2029
 - 2% Interest
 - Current balance: \$882,145
 - Source: HRA Loan Enterprise Fund





Background

- Upon purchase, the 19-unit building had a high vacancy rate: nine units were vacant, and of the ten occupied units, only five tenants chose to stay.
- This high vacancy rate has allowed the new owners to accelerate planned renovations as it is easier to renovate a mostly empty building.
- Due to the high vacancy rate and resulting cash flow issues, the new owners have taken on an additional \$220,209 in debt for renovations and refinancing costs. The owners are requesting subordination of this new debt to their first lender, bringing the total debt in first position to \$1,266,015.
- The subordination will not affect existing affordability requirements.



Building Renovation

- Renovations are currently underway and are planned to be completed in April 2025.
- In-unit renovation work includes new flooring (luxury vinyl plank and carpet), kitchen appliance and cabinet upgrades (including new countertops and backsplashes), bathroom repairs and refinishing, and repainting units.
- Common space area renovations include painting corridors and stairwells, upgrading lighting, and new entryway heaters.
- Total renovation cost:
 - Building improvements - \$200,000
 - Contingency - \$6,00
 - Financing and closing costs- \$14,209



Existing



Renovated

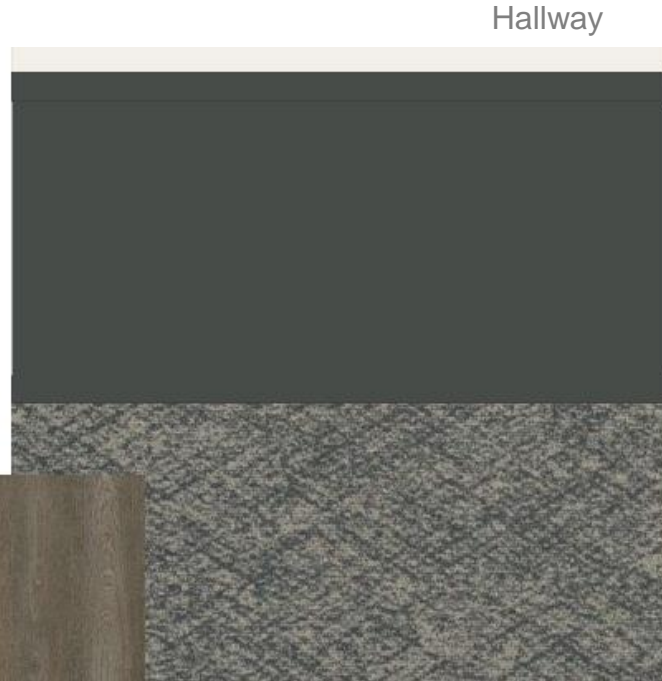
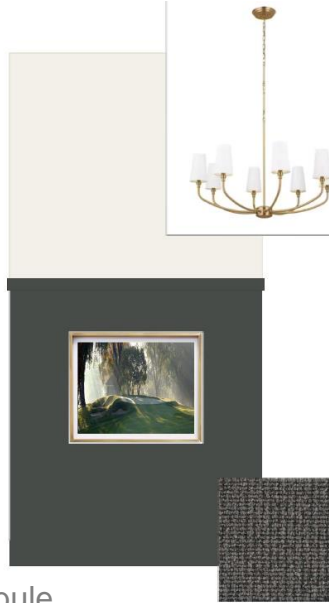


In-Unit Kitchen & Bathroom Renovation

Common Area - Vestibule and Hallway renovation



Vestibule



Hallway





Requested Action at Next HRA Meeting

- Approval of the amended and restated mortgage allowing \$1,266,015 to be in first position. The City will remain in second position.
- Approval to extend the maturity date of the declaration of covenant and note to be co-terminus with the first position loan dated October 7, 2024.



Questions?