

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A REDUCTION UP TO \$272,000 TO A PRIOR CONDITIONAL COMMITMENT OF LOAN FUNDS IN THE AMOUNT OF \$5,800,000 TO FREEBIRD DEVELOPMENT COMPANY, LLC FOR THE BENNETT VALLEY APARTMENTS PROJECT TO ALLOW FUNDS TO BE UTILIZED FOR DEMOLITION OF THE SITE PRIOR TO DEVELOPER ACQUISITION

WHEREAS, the City of Santa Rosa (“City”) is the owner of that certain real property located at 702 & 716 Bennet Valley Rd and 921 & 927 Rutledge Avenue, Santa Rosa APN’s 009-333-014 & 009-333-009 and 038-151-004 & 038-151-011 (the “City Property”) which consists of approximately 1.9 acres and is also known as the former Bennett Valley Senior Center; and

WHEREAS, on May 19, 2020, the City Council approved, and the City and Freebird Development Company LLC. (the “Developer”) entered into an Exclusive Negotiation Agreement (“ENA”) pursuant to which the parties agreed to negotiate exclusively with one another in good faith for the Development and Conveyance of City Property to Developer, to develop approximately 62 Units of affordable housing; and

WHEREAS, on May 10, 2021, the Housing Authority adopted Resolution No. 1717 approving a conditional commitment of loan funds in the amount of \$5,800,000 for construction-related costs associated with 61 new affordable multifamily housing units and 1 non-restricted managers unit to be developed at the property; and

WHEREAS, on June 21, 2021, the Housing Authority adopted Resolution No. 1719 modifying the Housing Authority award to allow \$2,000,000 of the conditional commitment to be utilized for predevelopment-related costs; and

WHEREAS, on June 29, 2021, the City Council approved, and the City and Developer entered into a Disposition and Development Agreement (“DDA”) pursuant to Council’s direction on price and terms, and ensuring compliance with City codes and objectives; and

WHEREAS, on September 13, 2021, the Housing Authority adopted Resolution No. 1726 allocating thirty (30) Project-Based Vouchers to the Project; and

WHEREAS, on January 24, 2022, the Housing Authority approved a modification to the conditional commitment to allow the \$2,000,000 predevelopment award to be secured by a repayment guarantee until the sale of the property to Developer is complete; and

WHEREAS, the \$2,000,000 predevelopment loan is secured by a repayment guarantee and the \$5,800,000 award, as adjusted by demolition costs, will be secured against the property by a deed of trust once the developer purchases the site, which will ensure the affordability of the site for the 55-year term of the Regulatory Agreement; and

WHEREAS, one such condition of the sale to Developer is the requirement that all sources of funding to construct the project have been secured by Developer and are committed and available; and

WHEREAS, the Developer has secured significant funding for the Project, including funds from the State of California's Housing and Community Development (HCD) Multifamily Housing Program, Housing for a Healthy California Program, and an award recommendation of tax credits and bonds from the California Tax Credit Allocation Committee (CTCAC) on November 30, 2022, and the Project is anticipated to be fully funded by April 2023; and

WHEREAS, on October 20, 2022, a fire occurred at the site that significantly damaged the structures and the damage necessitates demolition prior to the April 2023 sale of the property to Developer; and

WHEREAS, the City estimates the cost of demolition of the site to be up to \$272,000 based on bids received; and

WHEREAS, the Developer has agreed to a reduction of up to \$272,000 from the Housing Authority conditional commitment of loan funds approved on May 10, 2021, so that the City may proceed with demolition of the site prior to the April 2023 sale; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the reduction to the May 10, 2021, Housing Authority conditional commitment of loan funds to Freebird Development Company, LLC for the Bennett Valley Apartments project by \$272,000 or as mutually agreed upon between the Executive Director and Developer to fund the demolition of the site by the City and Housing Authority.

BE IT FURTHER RESOLVED that if demolition does not occur before the Developer takes ownership of the site, the \$272,000 demolition costs will remain available and be included in the loan to Developer.

BE IT FURTHER RESOLVED that if structures are demolished with Housing Authority funds pursuant to this Resolution and the sale of the site to Developer for affordable housing development does not occur, the Director of Housing and Community Services is authorized to execute any required agreements and documents related to repayment for demolition costs incurred, including a deed of trust to be recorded against the property in the Official Records of the County of Sonoma.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the reduction of loan encumbrance funds in the Housing Impact Fee Fund No. 2296, Key 340104, or as otherwise determined by the Executive Director.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute all agreements and related documents for the Project related to the

reduction of Housing Authority award and demolition of the structures, consistent with this Resolution.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Chief Financial Officer to pay all claims for the demolition of the site in an amount not to exceed Two Hundred Seventy-Two Thousand and No Dollars (\$272,000.00) or as mutually agreed upon between the Executive Director and Developer, from the Housing Impact Fee Fund No. 2296, Key 340104 or as otherwise determined by the Executive Director.

IN HOUSING AUTHORITY DULY PASSED this 19h day of December, 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
Secretary Chair

APPROVED AS TO FORM: _____
City Attorney