

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL COMMITMENT OF LOAN FUNDS IN THE AMOUNT OF \$1,560,000 TO BRJE PHASE 2 HOUSING PARTNERS, LP, FOR CONSTRUCTION RELATED COSTS FOR 3575 MENDOCINO AVENUE PHASE II, 3575 MENDOCINO AVENUE; APN 173-030-001

WHEREAS, the Housing Authority issued a Notice of Funding Availability (“NOFA”) on October 1, 2021, announcing approximately \$2,260,000 of Permanent Local Housing Allocation and HOME Investment Partnership (HOME) funds for affordable housing production with applications due on October 22, 2021; and

WHEREAS, the Housing Authority did not receive applications eligible for receipt of the \$1,565,675 in HOME funds; and

WHEREAS, on January 31, 2022, BRJE Phase 2 Housing Partners, LP (3575 Mendocino Avenue Phase II) submitted a letter and an application requesting \$1,560,000 in HOME funds for construction-related costs associated with 37 affordable senior housing units and 1 unrestricted manager’s unit, located at 3575 Mendocino Avenue, Santa Rosa, California, APN 173-030-001; and

WHEREAS, on June 21, 2021, the Housing Authority committed 13 Project Based Vouchers to 3575 Mendocino Avenue Phase II; and

WHEREAS, on September 15, 2021, the Sonoma County Community Development Commission committed \$2,436,753 in Community Development Block Grant – Disaster Recovery funding to Phase II; and

WHEREAS, due to the requirements of the disaster tax credit award to commence construction by April 10, 2022, the unanticipated shortfall in tax credit equity affecting the project’s viability, the existing Housing Authority and Sonoma County Community Development Commission investments in the Project in Community Development Block Grant – Disaster Recovery funds and Project-Based Vouchers, and the relative difficulty for projects to meet the eligibility requirements for HOME funds to have all other project funding sources committed and the ability commence construction within 12 months of award, this request is being brought to the Authority for consideration outside of the annual NOFA process; and

WHEREAS, the annual NOFA process has been the administrative practice for soliciting developer proposals for funding requests for affordable housing activities, but is not required; and

WHEREAS, the project completed a Sustainable Communities Environmental Assessment (SCEA) under the California Environmental Quality Act (CEQA). The SCEA was approved by the Santa Rosa Planning Commission and City Council in December 2020. The National Environmental Policy Act (NEPA) Environmental Assessment was completed in July

2021 with a Finding of No Significant Impact; and

WHEREAS, the Housing and Community Services Department recommends funding for the 3575 Mendocino Avenue Phase II project because it meets HOME funds eligibility requirements and the selection criteria evaluation and scoring factors described in the Fall 2021 NOFA and without the commitment of funds, the project may lose its tax credit allocation and will not be able to proceed with construction; and

WHEREAS in November 2002, the voters of the City of Santa Rosa approved Measure K – Santa Rosa Affordable Housing; Measure K specifically authorized the City of Santa Rosa to increase its approval of the development, construction or acquisition of affordable rental housing for low-income persons in an annual amount not to exceed one percent (1%) of the existing housing units in Santa Rosa; and

WHEREAS, Santa Rosa City Council approved Resolution 25500 certifying the vote approved adoption of Measure K; the Housing Authority of the City of Santa Rosa regularly allocates affordable units consistent with the requirements of Article XXXIV of the California Constitution and Measure; and

WHEREAS, the 3575 Mendocino Avenue Phase II project will require an allocation of thirty-seven (37) Article XXXIV units; and

WHEREAS, development costs have increased since the Low-Income Housing Production Subsidy Program Policy Maximum Cost Schedule and the Loan was approved.

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the following:

1. A conditional commitment of HOME Investment Partnership loan funds in the amount of One Million Five Hundred and Sixty Thousand and No/100 Dollars (\$1,560,000.00) to BRJE Phase 2 Housing Partners, LP for construction-related costs, subject to the conditions and terms including but not limited to the items listed below.
2. The commitment of the loan funds is subject to the General Loan Conditions adopted by the Housing Authority by Resolution No. 806 on January 23, 1995, including satisfaction of all loan underwriting conditions and the applicable funding guidelines.
3. The Low-Income Housing Production Subsidy Program Policy Maximum Cost Schedule and the Loan Schedule are waived, as costs have increased since the Policy was approved.
4. The agreement to provide funds to the project is conditioned on the receipt of an Authority to Use Grant Funds from the United States Department of Housing and Urban Development (HUD) as part of the NEPA environmental review process to add additional federal funding to the project.

5. A loan term of 55 years at 3% simple interest per annum, deferred payments, residual cash receipts, secured by a Deed of Trust; and a 55-year term of affordability through a Regulatory Agreement recorded against the property.
6. Affordability mix that includes 4 units targeted to households with incomes up to 30% of Area Median Income (“AMI”), 9 units targeted to households with incomes up to 40% of AMI, 15 units targeted to households with incomes up to 50% of AMI, 9 units targeted to households with incomes up to 60% of AMI, and one non-restricted manager unit.
7. The loan shall be due and payable in full if construction has not commenced by April 1, 2022, and is not completed by April 1, 2023, unless these dates are extended, in writing, by the Executive Director.

BE IT FURTHER RESOLVED that the Housing Authority hereby approves an allocation of 37 Article XXXIV units pursuant to locally approved Measure K of the California Constitution.

BE IT FURTHER RESOLVED that the Housing Authority that the Housing Authority hereby approves subordination of Housing Authority loan(s) to senior financing in a form approved by Housing Authority General Counsel, if required by other lenders.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute agreements and related loan documents, including Subordination Agreements, for the Project consistent with this Resolution.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Chief Financial Officer to pay all claims for the loan in an amount not to exceed One Million, Five Hundred Thousand and Sixty Thousand, Three Hundred and No/100 Dollars (\$1,560,000.00) to BRJE Phase 2 Housing Partners, LP from the following Key Number(s) or as otherwise determined by the Executive Director:

| Source | Fund | Project Key | Loan No. | Amount |
|-----------------------------|-------------|--------------------|-----------------|-----------------------|
| HOME Investment Partnership | 2293 | 340105 | 9021-3435-22 | \$1,560,000.00 |
| Total | | | | \$1,560,000.00 |

IN HOUSING AUTHORITY DULY PASSED this 28th day of February 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
Secretary Chair

APPROVED AS TO FORM: _____
City Attorney