

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: FISCAL YEAR 2022-2023 NOTICE OF FUNDING AVAILABILITY –
FUNDING RECOMMENDATIONS

AGENDA ACTION: RESOLUTIONS

RECOMMENDATION

It is recommended by the Housing Authority Ad-Hoc Review Committee and the Housing and Community Services Department that the Housing Authority, by resolutions, approve a conditional commitment of loan funds to: 1) PEP Housing in the amount of \$2,200,000 for rehabilitation costs associated with Vigil Lights Apartments located at 1940 Long Drive; 2) BHDC Parkwood Apartments, LLC, in the amount of \$750,000 for rehabilitation-related costs for the Parkwood Apartments located at 6867 Montecito Boulevard; 3) MP Mahonia Glen Associates L.P. in the amount of \$2,000,000 for construction-related costs for Mahonia Glen project at 5173 Highway 12 in Santa Rosa; 4) Stony Point Flats, L.P., in the amount of \$1,200,000 for construction related costs for Stony Point Flats located at 2268 Stony Point Road; and 5) WSA Burbank Housing Partners I, LP in the amount of \$4,400,000 for construction related costs for Burbank Avenue Apartments located 1780 Burbank Avenue.

EXECUTIVE SUMMARY

In response to the Fiscal Year 2022-2023 Notice of Funding Availability (“NOFA”) announcing approximately \$10,600,000 of funds for acquisition, development, and rehabilitation of affordable housing; the Housing Authority received ten applications requesting \$21.2 million for 575 total units. Eight applications were received for new construction projects and two applications were received for rehabilitation and/or acquisition/rehabilitation projects.

The projects were evaluated and ranked based on project readiness, affordability, bedroom size, special needs set asides, leveraging, project competitiveness, developer and management experience, services and amenities, and other factors. A detailed list of the ranking criteria and the point. A Housing Authority Ad-Hoc Review Committee comprised of Commissioners Owen, LaPenna, and Rawhouser met on June 13, 2022,

to review the projects and scoring details. The Ad Hoc recommending funding five of the ten applications that were received.

BACKGROUND

In February 2022, the Housing Authority held a Study Session to review the NOFA process and receive input on including rehabilitation of affordable housing units as a funding priority for the FY 2022/2023 funding cycle.

The Fiscal Year 2022-2023 Focused NOFA was published on April 4, 2022, with project applications due on April 29, 2022 (Attachment 1). As communicated in the NOFA, approximately \$10,600,000 of funds are available. The NOFA funds are comprised of approximately \$7,700,000 of Local Funds, \$1,100,000 from Permanent Local Housing Allocation funds, \$1,400,000 of Community Development Block Grant (CDBG) funds, and \$369,000 in HOME and HOME Community Housing Development Organization (CHDO) funds.

Ten applications were received, eight for new construction projects and two for rehabilitation and/or acquisition. The requests totaled approximately \$21 million, far surpassing the funds available. No applications were received for the HOME-CHDO funds.

Project applications were scored using a point system as follows:

- Readiness – up to 10 points
- Affordability – up to 20 points
- Bedroom Sizes – up to 8 points
- Special Needs Set Aside Units – up to 12 Points
- Leveraging – up to 10 points
- Project Competitiveness (CDLAC/TCAC/MHP scoring if applicable) – up to 10 points
- Developer/Manager Experience – up to 15 points
- On-Site Services – up to 7 points
- Amenities – up to 3 points
- Other Factors – up to 5 points

A Housing Authority Ad-Hoc Review Committee comprised of Commissioners LaPenna, Owen and Rawhouser met on June 13, 2022, to review the projects and scoring details and developed the funding recommendations.

ANALYSIS

The Fiscal Year 2022-2023 NOFA resulted in 10 project applications which were scored and ranked. The applications were comprised of two rehabilitation and/or acquisition projects and eight new construction projects.

The NOFA Ad Hoc Committee met on June 13, 2022, to review the applications and recommended funding five of the ten projects. The two rehabilitation projects that are recommended for approval had applied in the FY 2021/2022 Focused NOFA and were not awarded funds; the recommendation in FY 2022/2023 allows these units to be preserved and rehabilitated.

A summary of the project applications, with the a total of 563 affordable units, and their scores is provided below.

| Santa Rosa Housing Trust 2022-23 Focused NOFA Application Summary | | | | | | | | |
|------------------------------------------------------------------------------|------------------------|--------------------------------------------|------------------|------------------------|-----------------------|---------------------|-------|------|
| Project Name | Project Address | Applicant | Affordable Units | Total Development Cost | Targeted Demographic | NOFA Request | Score | Rank |
| Acquisition/ Rehab Projects | | | | | | | | |
| Vigil Light Senior Apartments | 1945 Long Drive | Petaluma Ecumenical Properties | 48 | \$28,419,409 | Senior | \$2,220,000 | 85% | 1 |
| Parkwood Apartments | 6867 Montecito Blvd | Burbank Housing Development Corporation | 51 | \$750,000 | Family | \$750,000 | 78% | 2 |
| New Construction Projects | | | | | | | | |
| Mahonia Glen | 5173 Highway 12 | MP Mahonia Glen Associates, L.P. | 98 | \$74,221,361 | Family/ Farmworker | \$2,000,000 | 93% | 1 |
| Stony Point Flats | 2268 Stony Point Road | Stony Point Flats, L.P./ Integrity Housing | 49 | \$22,047,483 | Homeless/ Family | \$1,200,000 | 85% | 2 |
| Burbank Avenue Apartments | 1780 Burbank Avenue | WSA Burbank Housing Partners | 63 | \$41,240,064 | Family | \$6,000,000 | 84% | 3 |
| Caritas Homes Phase II | 360 Seventh Street | Burbank Housing Development Corporation | 63 | \$50,268,691 | Homeless/ Family | \$1,000,000 | 75% | 4 |
| 3575 Mendocino Ave Phase III | 3575 Mendocino Ave | BRJE Housing Partners | 30 | \$23,635,160 | Senior | \$4,500,000 | 72% | 5 |
| Acacia Lane Senior Apts. Phase II | 625 Acacia Lane | Petaluma Ecumenical Properties | 81 | \$53,370,052 | Senior | \$2,000,000 | 70% | 6 |
| Hearn Veterans Village | 2149 West Hearn Avenue | Community Housing Sonoma County | 31 | \$13,735,093 | Homeless/ Veteran | \$700,000 | 70% | 7 |
| Ponderosa Village | 250 Roseland Avenue | Danco Communities | 49 | \$28,332,729 | Family | \$850,000 | 70% | 8 |
| Total | | | 563 | | | \$21,220,000 | | |

SUMMARY OF RECOMMENDED PROJECTS

REHABILITATION AND ACQUISITION/REHABILITATION

Vigil Lights Apartments

Project Description. An existing 49-unit, senior apartment complex comprised of studio and one-bedroom units. The property was constructed in 1983 through the HUD 202 Senior financing program, the current HUD Regulatory Agreement expires in 2041. Vigil Lights is being acquired by PEP housing and will continue to be operated and maintained as affordable, senior housing. The unit affordability mix is: 48 units targeted

to households with incomes up to 50% of Area Median Income (“AMI”) and one unrestricted manager unit. The property, constructed in 1983, requires rehabilitation work that includes dry rot repair, signage, walkway repairs, accessibility updates, and energy efficiency upgrades.

The project is located at 1940 Long Drive, next to the Safeway on 4th and Farmers. The property was acquired by Petaluma Ecumenical Properties in July 2021; the Vigil Lights Project Work Summary is included as Attachment 2.

Application Scoring. Vigil Lights Apartments project ranked first among the two rehabilitation and acquisition/rehabilitation project applications received with a score of 85 out of 100 points.

- Readiness: Score 10 out of 10.
 - The project is constructed and will require building permits to complete the needed rehabilitation work.
- Affordability: Score 18 out of 20.
 - The project provides 100% of the units to very low-income households at or below 50% of AMI.
- Bedroom Size: Score 1 out of 8.
 - Project comprise of studio and one-bedroom units.
- Special Needs Set Asides: Score 12 out of 12.
 - 100% of the units are reserved for seniors.
- Leveraging: Score 6 out of 10.
 - The funding requested from the Housing Authority is 8% of the total financing structure for acquisition and rehabilitation.
- Project Competitiveness: Score 9 out of 10.
 - The project is proposing a permanent financing structure that includes bonds.
- Developer & Management Experience: Score 15 out of 15.
 - PEP, Inc. has 18 completed projects with 3 currently under construction.
- On-Site Services: 7 out of 7.
 - Project will provide a variety of health, wellness and educational services to residents.
- Amenities: Score 3 out of 3.
 - The site is adjacent to the 4th Street Safeway shopping center and has access to transit via an existing transit stop for City Bus.

- Other Factors: Score 4 out of 5.
 - The Project includes rehabilitation of the units and will restrict their affordability for 55 years.

Loan Terms. The loan amount is \$2,200,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the Deed of Trust.

Environmental. The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities. The proposed funding sources will require the preparation of National Environmental Policy Act (NEPA) environmental review.

Parkwood Apartments

Project Description. A 55-unit, apartment development for individuals and families comprised of two-bedroom units. The unit affordability mix is: 27 units targeted to households with incomes up to 50% of Area Median Income (“AMI”), 12 units targeted to household incomes up to 60% AMI, 12 targeted to household incomes up to 80% of AMI, 3 unrestricted units, and one unrestricted manager unit. The rehabilitation work does not require relocation of the tenants and will entail the installation of new water heaters, furnaces, appliances, air conditioning units, and low-flow plumbing fixtures in the majority of the units.

The project is located at 6867 Montecito Boulevard in Rincon Valley and is a former market-rate complex that was acquired by Burbank Housing, with Housing Authority financial assistance, in 2019. The Parkwood Apartments Project Work Summary is included as Attachment 3.

Application Scoring. Parkwood Apartments project ranked second among the two rehabilitation and acquisition/rehabilitation project applications received with a score of 78 out of 100 points.

- Readiness: Score 10 out of 10.
 - The project is constructed and will require building permits to complete some of the needed rehabilitation work.
- Affordability: Score 18 out of 20.
 - The project provides 53% of the units to very low-income households, 24% to low-income (below 60% of AMI) and 24% to low-income below 80% of AMI.
- Bedroom Size: Score 5 out of 8.

- 100% of the units are 2-bedroom.
- Special Needs Set Asides: Score 0 out of 12.
 - No special needs set aside units.
- Leveraging: Score 5 out of 10.
 - The funding requested from the Housing Authority is 50% of the total rehabilitation cost.
- Project Competitiveness: Score 10 out of 10.
 - The project is fully funded and is only requesting the remaining funds needed to conduct the rehabilitation.
- Developer & Management Experience: Score 15 out of 15.
 - BHDC has four completed projects 67 housing complexes, 18 of which are in Santa Rosa.
- On-Site Services: 7 out of 7
 - Project is managed by Burbank Housing Management Corporation which provides a broad array of resident services.
- Amenities: Score 3 out of 3.
 - The site is adjacent to Rincon Valley Community Park and Library, located within 0.5 miles of grocery and retail, and has access to transit via existing transit stops for City Bus Routes.
- Other Factors: Score 5 out of 5.
 - The Project received a loan from the Housing Authority in 2019 for acquisition; rehabilitation of the units has been considered since the time of acquisition. The Property has been awarded 25 Project Based Vouchers (PBVs), the proposed loan will allow the Project to conduct rehabilitation and accessibility improvements that will allow BHDC to access the remaining 4 of 25 PBVs.

Loan Terms. The loan amount is \$750,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the Deed of Trust. The term of affordability required by the Housing Authority Regulatory Agreement will be 55 years, extending the current Regulatory term by three (3) years to January 9, 2077.

Environmental. The project is exempt from CEQA pursuant to CEQA Guidelines Section 15301, Existing Facilities. The proposed funding source does not include federal funds and the associated NEPA review.

NEW DEVELOPMENT PROJECTS

Mahonia Glen

Project Description. A 99-unit, multifamily apartment development with one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 26 units targeted to households with incomes up to 30% of AMI, 22 units targeted to household incomes up to 50% AMI, 50 units targeted to household incomes up to 60% AMI and one unrestricted manager unit. 43 units are targeted to farmworkers and their families, in alignment with a HCD's Joe Serna, Jr. Farmworker Housing Grant Program.

The project is located at 5173 Highway 12, the former site of the Prickett's Nursery at the corner of Highway 12 and Calistoga Road in the Rincon Valley neighborhood of Santa Rosa. The Mahonia Glen Project Summary is included as Attachment 4.

Application Scoring. The Mahonia Glen project ranked first out of the eight new development applications received with a score of 95 out of 100 points.

- Readiness: Score 10 out of 10.
 - The project is fully entitled and received its approval letter from the Planning and Economic Development Department through the SB-35 ministerial approval process. Project has been awarded "Accelerator" funds from the State of California and is required to start construction in August 2022.
- Affordability: Score 18 out of 20.
 - 49% of the units are restricted to households at or below 50% of AMI. The remaining 51% of the units are designated for households at 60% of AMI or less.
- Bedroom Size: Score 8 out of 8.
 - Out of the 98 restricted units, 25% or more of the units are 3-bedroom or larger.
- Special Needs Set Asides: Score 12 out of 12.
 - 43 units are targeted to farmworkers and their families.
- Leveraging: Score 9 out of 10.
 - The funding requested from the Housing Authority is 2.9% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
 - The has been award Joe Serna Farmworker Housing funds and "Housing Accelerator" funds for construction and permanent financing.
- Developer & Management Experience: Score 15 out of 15.

- Mid-Peninsula The Farm, Inc. (Mid-Pen Housing), has significant experience in the larger bay area region, numerous projects completed and leased up.
- On-Site Services: Score 7 out of 7
 - Project will provide a variety of health, wellness and educational services to residents.
- Amenities: Score 2 out of 3.
 - The site is located within 0.1 miles of grocery and retail, with the Saint Francis Shopping Center across the street from the site. Residents will have access to transit via an existing transit stop for City Bus Routes 4 and 4b and County Transit Routes 30 and 34 also within 0.1 miles of the site.
- Other Factors: Score 4 out of 5.
 - The project has received a prior funding commitment from the Housing Authority of the City of Santa Rosa, as well as HCD Accelerator funds which require it to start construction this summer.

Loan Terms. The loan amount is \$2,000,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the deed of trust. The term of affordability through Regulatory Agreements will be 55 years from the date of initial occupancy.

Environmental. The project is exempt from CEQA because Planning approvals were processed pursuant to Senate Bill 35 which does not require CEQA review. A NEPA Environmental Assessment has been completed.

Stony Point Flats

Project Description. A new 50-unit, multifamily apartment development with one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 10 units targeted to households with incomes up to 30% of AMI, 20 units targeted to household incomes up to 50% AMI, 19 units targeted to household incomes up to 60% AMI and one unrestricted manager unit. Five of the units, 2 one-bedroom and 3 two-bedroom units will be set aside for persons who are homeless or at risk of being homeless and are referred through the Catholic Charities Rapid Rehousing Program.

The project is located at 2268 Stony Point Road and has been awarded 9% tax credits and anticipates breaking ground in July 2022. The funding request from the Housing Authority will assist the project in addressing recent cost increases associated with construction materials and rising interest rates. The Stony Point Flats Project Summary is included as Attachment 5.

Application Scoring. Stony Point Flats ranked second out of the eight new development applications received with a score of 85 out of 100.

- Readiness: Score 10 out of 10.
 - The project is fully entitled and received a “permit-ready” ready. Project has been awarded 9% tax credits and anticipates starting construction in July 2022.
- Affordability: Score 18 out of 20.
 - The project provides 20% of the units to extremely low households and 41% of the units to very low-income households. The entire project is restricted to households at or below 60% of AMI or less.
- Bedroom Size: Score 8 out of 8.
 - Out of the 49 restricted units, 29% of the units are 3-bedrooms.
- Special Needs Set Asides: Score 10 out of 12.
 - Five (5) of the units will be designated for homeless or individuals at risk of homelessness.
- Leveraging: Score 7 out of 10.
 - The funding requested from the Housing Authority is 5% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
 - The project has been awarded 9% tax credits from the California Tax Credit Allocation Committee and is poised to start construction.
- Developer & Management Experience: Score 15 out of 15.
 - Integrity Housing and Phoenix Development recently completed Dutton Flats on W. Third Street. Integrity Housing has significant experience in the state, as well as projects in unincorporated Sonoma County and Windsor.
- On-Site Services: Score 7 out of 7
 - Project will provide resident services, health and wellness, and educational programs.
- Amenities: Score 2 out of 3.
 - The site is located within 1 mile of a variety of amenities.
- Other Factors: Score 3 out of 5.
 - The project has not received prior funding commitments from the Housing Authority of the City of Santa Rosa but has been awarded 9% tax credits which require is to start construction this summer.

Loan Terms. The loan amount is \$1,200,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the deed of trust. The term of affordability through Regulatory Agreements will be 55 years from the date of initial occupancy.

Environmental. The project has been found in compliance with CEQA through the adoption of the Stony Points Flats EIR Addendum by the Santa Rosa Design Review Board on September 2, 2021; federal funding will not be included in this project, therefore NEPA does not apply.

Burbank Avenue

Project Description. A new 64-unit, multifamily apartment development with one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 24 units targeted to households with incomes up to 30% of AMI, 27 units targeted to household incomes up to 50% AMI, 12 units targeted to household incomes up to 60% AMI and one unrestricted manager unit. 25% of the units will be dedicated to homeless or formerly homeless persons.

The project is located at 1780 Burbank Avenue in the Southwest quadrant of Santa Rosa. The site is located in close proximity to Roseland Creek Elementary School and Roseland Accelerated Middle School. The Burbank Avenue Project Summary is included as Attachment 6.

Application Scoring. Burbank Avenue Apartments ranked third out of the eight new development applications received with a score of 84 out of 100 points.

- **Readiness: Score 9 out of 10.**
 - The project is fully entitled and a NEPA Environmental Assessment is underway. The project will be submitting applications for HCD's Multifamily Housing Program and Accelerator funding sources.
- **Affordability: Score 18 out of 20.**
 - The project provides 38% of the units to extremely low households, 43% to very low-income households, and the remaining 19% to low-income households at 60% of AMI or less.
- **Bedroom Size: Score 8 out of 8.**
 - 25% or more of the units are 3-bedroom or larger.
- **Special Needs Set Asides: Score 9 out of 12.**

- 25% of the units are set-aside for homeless or formerly homeless households.
- Leveraging: Score 2 out of 10.
 - The current funding requested from the Housing Authority is 14.5% of the total development cost.
- Project Competitiveness: Score 9 out of 10.
 - The project's self-score for California Debt Limit Allocation Committee (CDLAC) is 119/120, and MHP score is 116/116.
- Developer & Management Experience: Score 15 out of 15.
 - The project is a partnership with Burbank Housing which has extensive development and management experience.
- On-Site Services: Score 7 out of 7
 - Project is managed by Burbank Housing Management Corporation which provides a broad array of resident services.
- Amenities: Score 2 out of 3.
 - A community park and Citybus Transit stop are within 0.5 miles of the site.
- Other Factors: Score 5 out of 5.
 - The project has received prior funding commitments from the Housing Authority of the City of Santa Rosa, including Community Development Block Grant – Disaster Recovery funds and a conditional commitment of Project Based Vouchers.

Loan Terms. The loan amount is \$4,400,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the deed of trust. The term of affordability through Regulatory Agreements will be 55 years from the date of initial occupancy.

Environmental. The project has been found in compliance with CEQA pursuant to Government Code Section 65457. Specifically, the project would develop a land use previously analyzed in a Specific Plan EIR. A NEPA Environmental Assessment has been completed.

PROJECTS NOT RECOMMENDED FOR FUNDING

Five projects are not recommended for funding at this time. Among the projects not being recommended are three projects that are additional phases to developments that

have been assisted by the Housing Authority and are currently under construction.

- Caritas Homes Phase II: Scored 75 out of 100 points;
- 3575 Mendocino Avenue Phase III: Scored 72 out of 100 points;
- Acacia Lane Senior Apartments Phase II: Scored 70 out of 100 points;
- Hearn Veteran’s Village: Scored 70 out of 100 points; and
- Ponderosa Village: Scored 70 out of 100 points

PRIOR HOUSING AUTHORITY REVIEW

On February 28, 2022 the Housing Authority held a Study Session to receive information about the NOFA process, the scoring methodology and categories, and provided direction on the project application scoring process.

ARTICLE XXXIV

Article 34 of the California Constitution applies to low rent housing that is developed, constructed or acquired by a public entity or by private developers who receive federal, state or local assistance. An Article 34 allocation is necessary for Stony Point Flats and is included in the resolution.

FISCAL IMPACT

The funds are included in the Housing Authority’s 2022-2023 budget.

ENVIRONMENTAL IMPACT

The environmental review of each project is included within the project information.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable.

NOTIFICATION

Notification of this meeting was sent to each of the applicants.

ATTACHMENTS

- Attachment 1 – Notice of Funding Availability
- Attachment 2 – Vigil Lights Project Summary
- Attachment 3 – Parkwood Apartments Work Summary
- Attachment 4 – Mahonia Glen Project Summary
- Attachment 5 - Stony Point Flats Project Summary
- Attachment 6 – Burbank Avenue Apartments Project Summary
- Resolution – Vigil Lights

- Resolution – Parkwood Apartments
- Resolution - Mahonia Glen
- Resolution – Stony Point Flats
- Resolution – Burbank Avenue

CONTACT

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