



# FUNDING RECOMMENDATION- 3575 MENDOCINO AVENUE PHASE II

Housing Authority Meeting  
February 28, 2022

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Housing and Community Services Department

# BACKGROUND

- Fall 2021 Notice of Funding Availability (NOFA) published October 1, 2021
  - \$1,565,675 HOME Investment Partnership (HOME) funds
  - HOME funds require all other funding sources to be committed and construction commencement within 12 months.
  - No projects were eligible to received HOME funds.
- At the time of the NOFA, 3575 Mendocino Avenue Phase II, developed by BRJE Phase 2 Housing Partners, LP was anticipated to be fully funded, and the developer did not submit an application.

# BACKGROUND

- In late January 2022, the developer notified staff of \$1,560,000 approximate gap in project funding due to an unanticipated tax credit equity shortfall from investors and a \$2,500,000 increase in construction costs.
- The project has received an allocation of \$20,963,480 of 9% CAA disaster tax credits with a mandatory construction commencement date of April 10, 2022.
  - Timeline does not allow for developer to apply for funding in a future NOFA without jeopardizing the \$20 Million disaster tax credit award.

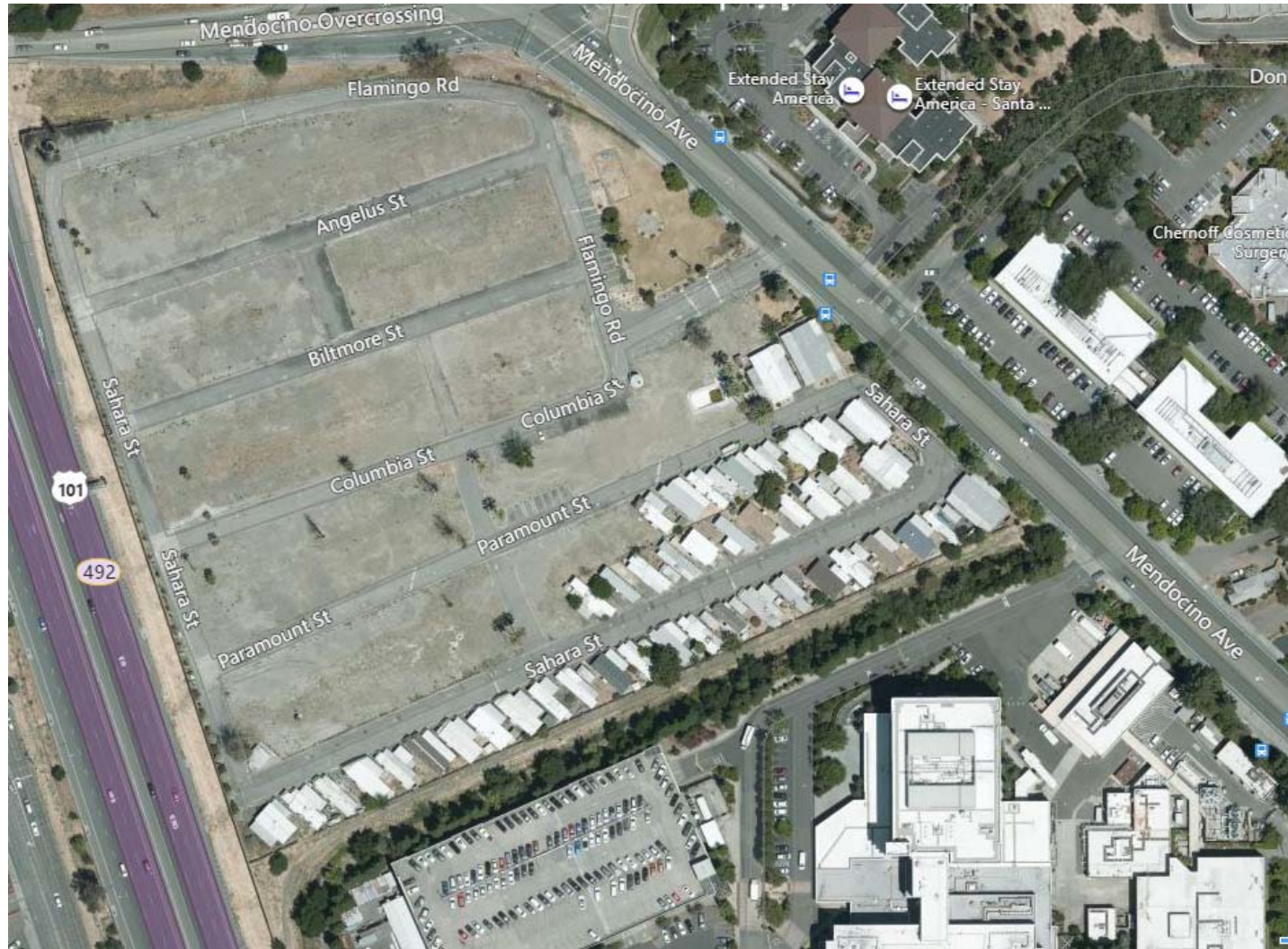
# BACKGROUND

- On January 31, 2022, BRJE Phase 2 Housing Partners, LP submitted a funding request and application for \$1,560,000 in HOME funds for construction related cost for the 3575 Mendocino Avenue Phase II project.
- The project meets the eligibility requirements for HOME funds, with 95% of its funding sources committed and a construction commencement date within twelve months on April 1, 2022.

# BACKGROUND

- Prior Housing Authority Investment
  - 17 Project-Based Vouchers awarded to Phase I in January 2021
  - \$11,917,110 Community Development Block Grant – Disaster Recovery (CDBG-DR) awarded in January 2021
  - 13 Project-Based Vouchers awarded to Phase II in June 2021
- Due to the timeline to commence construction, the unanticipated shortfall in tax credit equity, the existing Housing Authority investments in the Project and the difficulty for projects to meet the eligibility requirements for HOME funds, this request is being brought to the Authority for consideration outside of the annual NOFA process.

# 3575 MENDOCINO AVENUE PHASE II





# 3575 MENDOCINO AVENUE PHASE II

- Developer: BRJE Phase 2 Housing Partners (Burbank Housing Development Company and Related)
- Requested Loan Amount: \$1,560,000.00
- New Construction Project  
Loan Funds for construction-related costs.
- 38 one-bedroom Units; targeted to Seniors
- Phase II of the Project includes 38 of 162 affordable senior housing units on a .42 acre parcel

# 3575 MENDOCINO AVENUE PHASE II

## Affordability Mix:

- 4 units @ 30% AMI
- 9 units @ 40% AMI
- 15 units @ 50% AMI
- 9 units @ 60% AMI
- 1 unrestricted manager's unit

## Unit Mix:

- 38 one-bedroom units

## Environmental:

- Compliance with CEQA (SCEA approved)
- NEPA Environmental Assessment completed July 2021
- Conditional loan commitment on pending RROF process



# ANALYSIS

- The project application was evaluated and ranked based on the Fall 2021 NOFA selection criteria:

Category	Points
Readiness	10
Affordability	20
Bedroom Size	8
Special Needs Set Asides	12
Leveraging	10
Project Competitiveness*	10
Developer & Management Experience	15
On-Site Services	7
Amenities	3
Other Factors	5
Total Points Possible	100

# ANALYSIS

Category	Points
Readiness	6/10 – Design review process not submitted yet for PHASE II
Affordability	18/20 – 11% @ 30% AMI; 24% @ 40%; AMI, 41% @ 50% AMI; 24% @60% AMI
Bedroom Size	2/8 – All units are one-bedroom
Special Needs	12/12 – 100% of the units are for Seniors
Leveraging	7/10 – Loan amount requested is 5.5% of development cost
Project Competitiveness	10/10 – Awarded 9% Tax Credits. Net Tax Credit Equity award is \$20,605,040
Developer & Management Exp.	15/15 – Completed projects in region; current compliance in good standing
On-Site Services	6/7 – Significant On-Site Services
Amenities	3/3 – Within ½ mile of neighborhood park and transit
Other Factors	4/5 – Prior Housing Authority loan and PBV award. 95% of funding committed
	83/100 Total

# RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve a conditional commitment of loan funds to BRJE Phase 2 Housing Partners, LP in the amount of \$1,560,000 in HOME funds for construction related costs of 37 affordable housing units and 1 unrestricted managers unit for 3575 Mendocino Avenue Phase II located at 3575 Mendocino Avenue Santa Rosa, CA.