

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: REBECCA LANE, PROGRAM SPECIALIST  
HOUSING AND COMMUNITY SERVICES DEPARTMENT  
SUBJECT: FISCAL YEAR 2024-2025 NOTICE OF FUNDING AVAILABILITY –  
FUNDING RECOMMENDATIONS

AGENDA ACTION: RESOLUTION(S)

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolutions, approve conditional commitments of loan funds to: 1) Burbank Housing Development Corporation in the amount of \$1,000,000 for rehabilitation costs for West Avenue Apartments located 1400 West Avenue; 2) Stony Point Flats, L.P. in the amount of \$600,000 for construction-related costs for Stony Point Flats located at 2270 Stony Point Road; 3) BRJE Phase 3 Housing Partners, L.P. in the amount of \$832,500 for predevelopment and construction-related costs for Laurel at Perennial Park Phase III located at 250 Renaissance Way; and 4) Danco Communities in the amount of \$750,000 for predevelopment and construction-related costs for Ponderosa Village located at 250 Roseland Avenue.

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EXECUTIVE SUMMARY

In response to the Fiscal Year 2024-2025 Notice of Funding Availability (“NOFA”) announcing approximately \$3,100,000 and the HOME Investment Partnership Program (HOME) NOFA announcing approximately \$440,000 of funds for acquisition, development, and rehabilitation of affordable housing; the Housing Authority received five applications requesting approximately \$4.6 million for 230 total affordable units. Four applications were received for new construction projects and one application was received for a rehabilitation project.

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 NOFA Ad-Hoc Committee comprised of Commissioners Conte and Smith met on October 3, 2024, to review the projects and scoring details. The Ad-Hoc Review Committee is recommending funding for four of the five applications received.

## BACKGROUND

The Fiscal Year 2024-2025 NOFA was published on July 9, 2024, with project applications due on August 9, 2024 (Attachment 1). As communicated in the NOFA, approximately \$3,100,000 was made available, comprised of approximately \$1,500,000 in local funds, approximately \$600,000 from Permanent Local Housing Allocation (PLHA) and approximately \$1,000,000 from U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds. A separate NOFA was also published on July 9, 2024, to solicit developer applications for approximately \$440,000 from HOME funds (Attachment 2). Applications will continue to be accepted for the HOME NOFA on a rolling basis until all HOME funds are awarded.

Based on feedback from the Consolidated Plan process and on direction from the Housing Authority Commissioners, a funding priority was set in the FY 2024-2025 NOFA for rehabilitation projects, with additional points awarded to rehabilitation projects where additional affordable units would be added to the Housing Authority's portfolio.

Five applications were received, four for new construction projects and one for rehabilitation. The requests totaled approximately \$4.6 million, surpassing the funds available. No applications have been submitted for the HOME-CHDO funds.

Project applications were scored using a point system as summarized below and included as Attachment 3:

- Readiness (for new construction projects) – 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 10 points (for rehabilitation projects)

A Housing Authority Ad-Hoc Review Committee comprised of Commissioners Conte and Smith met on October 3, 2024, to review the projects and scoring details and develop the funding recommendations.

## PRIOR HOUSING AUTHORITY REVIEW

On April 22, 2024, and June 17, 2024, the Housing Authority held Study Sessions to review information about the available funding, the NOFA process, to solicit public comments, and provide direction.

## ANALYSIS

The Fiscal Year 2024-2025 NOFA yielded five complete project applications which were scored and ranked. New construction projects were scored out of 105 possible points and rehabilitation/acquisition projects were scored out of 95 possible points. For rehabilitation projects, the readiness category is omitted and an up to 10 points may be awarded if the rehabilitation project adds new affordable units to the Housing Authority's portfolio. Rehabilitation projects that do not add new units receive five points.

The NOFA Ad Hoc Committee reviewed the applications and have developed a recommendation to fund four out of five projects. A summary of the project applications and their scores is provided below.

### **SUMMARY OF RECOMMENDED PROJECTS – REHABILITATION**

**West Avenue Apartments** – Application for rehabilitation costs.

**Project Description.** West Avenue Apartments is a 40-unit apartment building built in 1986 and owned by Burbank Housing. The project includes 39 affordable units currently rented to households at or below 60% of AMI and one manager unit. The property includes 34 2-bedroom units and five 3-bedroom units. Burbank Housing entered into a consolidated Regulatory Agreement with the Housing Authority of the County of Sonoma and the State of California Department of Housing and Community Development on June 24, 1986, for the Rental Housing Construction Program. The project is in need of extensive rehabilitation including addressing dry rot throughout the property, installing new stairs throughout the project, a remodel of the community space, an upgraded playground/tot lot and extensive energy efficiency upgrades including replacing aging gas appliances with new all electric appliances. The proposed budget for the rehabilitation includes a contingency for dry rot due to the age of the property.

The project is located at 1400 West Avenue in the Southwest quadrant of Santa Rosa. The West Avenue Apartments Project Summary is included as Attachment 4.

**Application Scoring.** West Avenue Apartments was the only application received for rehabilitation funds; it ranked third among all applications and received a score of 70%.

❖ **Readiness: Not applicable.**

This category is not applicable to rehabilitation projects.

❖ **Affordability: Score 10.8 out of 20.**

The project provides 23% of the units to households at or below 30% AMI, 3% to households at or below 50% AMI, and 74% to households at or below 60% of AMI.

- ❖ **Bedroom Size: Score 6 out of 8.**  
13% of the units are three-bedrooms; 87% are two-bedrooms.
- ❖ **Special Needs Set Asides: Score 0 out of 12.**  
The project does not contain any units set aside for special needs populations.
- ❖ **Leveraging: Score 6 out of 10.**  
The current funding requested from the Housing Authority is 9% of the total rehabilitation cost.
- ❖ **Project Competitiveness: Score 10 out of 10.**  
The project applied for the state Portfolio Rehabilitation Program, an over-the-counter funding source for rehabilitation and projects at risk of conversion to market rate and is anticipated to be fully funded. The award is expected by December 31, 2024.
- ❖ **Developer & Management Experience: Score 15 out of 15.**  
Burbank Housing is the owner and manager and has extensive development and management experience in the region.
- ❖ **On-Site Services: Score 6 out of 7.**  
The project provides a weekly food distribution through the Redwood Empire Food Bank, community health worker outreach, an annual holiday event and ongoing communication with residents for resources, referrals and support systems navigation.
- ❖ **Amenities: Score 3 out of 3.**  
The site is within .1 miles of a public park and garden, .3 miles of an elementary school, .7 miles of two grocery stores, and is adjacent to a transit stop.
- ❖ **Other Factors: 10 out of 10.**  
This is a rehabilitation project for an existing affordable housing project which will result in additional units being added to the Housing Authority's portfolio to be restricted under a new 55-year Regulatory Agreement.

**Loan Terms.** The conditional loan amount is \$1,000,000. 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 the Regulatory Agreement will be 55 years from the date of recordation.

**Environmental.** The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

Completion of environmental review pursuant to the National Environmental Policy Act (NEPA) will be required as federal funds would be used in the rehabilitation.

## **SUMMARY OF RECOMMENDED PROJECTS – NEW CONSTRUCTION**

**Stony Point Flats** – Application for construction-related costs.

**Project Description.** A new construction 50-unit, multifamily apartment development with 12 one-bedroom, 24 two-bedroom and 13 three-bedroom units. The unit affordability mix is: 10 units targeted to households with incomes up to 30% of Area Median Income (AMI), 20 units targeted to households with incomes up to 50% of AMI, and 19 units targeted to households with incomes up to 60% AMI. Stony Point Flats completed construction in April 2024. The request is for \$600,000 to bridge a financing gap incurred due to increased interest rates, increased construction material costs, additional required off-site improvement costs, weather related impacts during 2022 and 2023. The Housing Authority provided this project a loan in the amount of \$1.2M in 2022 for construction costs.

The project is located at 2270 Stony Point Road in the Southwest quadrant of Santa Rosa. The Stony Point Flats Project Summary is included as Attachment 4.

**Application Scoring.** Stony Point Flats ranked first out of the applications received with a score of 78%.

- ❖ **Readiness: Score 10 out of 10.**  
The project is complete and occupied.
- ❖ **Affordability: Score 10.8 out of 20.**  
The project provides 20% of the units to households at or below 30% AMI, 41% to households at or below 50% AMI, and 39% to households at or below 60%.
- ❖ **Bedroom Size: Score 8 out of 8.**  
27% of the units are three-bedrooms.
- ❖ **Special Needs Set Asides: Score 8 out of 12.**  
21% of the affordable units are set-aside individuals or families who are homeless or at-risk of homelessness.
- ❖ **Leveraging: Score 10 out of 10.**  
The current funding requested from the Housing Authority is 2.49% of the total development cost.

❖ **Project Competitiveness: Score 10 out of 10.**

The project received a reservation of \$16,600,000 of 9% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee (TCAC).

❖ **Developer & Management Experience: Score 15 out of 15.**

The project is a partnership with Integrity Housing and Phoenix Development which has extensive development and management experience including local developments.

❖ **On-Site Services: Score 7 out of 7.**

The project's Resident Services Plan outlines significant on-site services for residents, including adult education classes, individualized health and wellness services, and an after-school program.

❖ **Amenities: Score 3 out of 3.**

Three transit stops and one public school are within 0.5 miles of the site, and two community parks are within 1.0 mile of the site.

❖ **Other Factors: Not applicable.**

This is a new construction project and was not scored under Other Factors.

**Loan Terms.** The conditional loan amount is \$600,000. 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 two years to September 29, 2079.

**Environmental.** The project is part of the 2016 Roseland Area/Sebastopol Road Specific Plan and Roseland Area Annexation Projects Environmental Impact Report (EIR). An Addendum to the EIR was prepared to satisfy CEQA requirements. The proposed funding sources will not require the preparation of a NEPA environmental review.

**Laurel at Perennial Park Phase III** – Application for predevelopment and construction-related costs.

**Project Description.** This project is the third and final phase of the 162-unit affordable component of a 422-unit mixed market-rate and affordable housing development at the former site of the Journey's End mobile home park. The project is a new 30-unit, senior apartment development comprised of one-bedroom units. The unit affordability mix is: 8 units targeted to households with incomes up to 30% of AMI, 15 units targeted to household incomes up to 50% AMI, and 7 units targeted to household incomes up to 60% AMI. The Housing Authority previously provided this project a loan in the amount of \$2.5M in 2023

for predevelopment and construction-related costs.

The project will be located at 502 Renaissance Way and the Project Summary is included as Attachment 6.

**Application Scoring.** The project ranked second out of the applications received with a score of 73%.

❖ **Readiness: Score 6 out of 10.**

The project is fully entitled and has planning approvals. An application for building permits has not been submitted.

❖ **Affordability: Score 13.5 out of 20.**

The project provides 27% of the units to households at or below 30% of AMI, 50% of the units to households at or below 50% of AMI and the remaining 23% are targeted to households at or below 60% of AMI.

❖ **Bedroom Size: Score 1 out of 8.**

All thirty units are one-bedrooms.

❖ **Special Needs Set Asides: Score 12 out of 12.**

100% of the units are reserved for seniors.

❖ **Leveraging: Score 9 out of 10.**

The funding requested from the Housing Authority is 2.95% of the total development cost.

❖ **Project Competitiveness: Score 10 out of 10.**

The project's financing structure includes a tax credit award. The TCAC application self-score for the project was 100% of total points possible with a tiebreaker of 64.152%.

❖ **Developer & Management Experience: Score 15 out of 15.**

The project is a partnership between Related California and Burbank Housing, both of which have extensive development and management experience in the region.

❖ **On-Site Services: Score 7 out of 7.**

The project will provide significant on-site services including a Resident Services Coordinator and external service providers including the Sonoma County Area Agency on Aging and the Sonoma County YMCA.

❖ **Amenities: Score 3 out of 3.**

The site is located within 0.5 mile of transit, and within 1 mile of grocery and parks.

❖ **Other Factors: Not applicable.**

This is a new construction project and was not scored under Other Factors.

**Loan Terms.** The conditional loan amount is \$832,500. 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 Agreement will be 55 years from the date of initial occupancy.

**Environmental.** The Project has been reviewed in compliance with CEQA in that a Sustainable Communities Environmental Assessment (SCEA) was prepared and circulated for public review for a 30-day period, and the SCEA determined that there would be no significant and unavoidable environmental impacts of the Project, and was in compliance with standard measures and project-specific mitigation measures, as approved by the Santa Rosa City Council on December 15, 2020 via Ordinance No. ORD-2020-019. A NEPA Environmental Assessment was completed in July 2021 and will be amended to include the conditional HOME funds.

**Ponderosa Village** – Application for predevelopment and construction-related costs.

**Project Description.** A new construction, 50-unit multifamily apartment development with 13 one-bedroom, 24 two-bedroom and 12 three-bedroom units with one unrestricted three-bedroom manager unit. Thirteen units are targeted to households with incomes up to 30% of AMI, 13 units are targeted to households with incomes up to 40% of AMI, and 23 units are targeted to households with incomes up to 50% of AMI. The project is proposed as part of an existing, mixed use commercial and industrial area in the Roseland neighborhood. The project has received a commitment of state Infill Infrastructure Grant (IIG) funds through the City of Santa Rosa in the amount of \$2.6M.

The project is located at 250 Roseland Avenue, adjacent to Highway 12 and the Joe Rodota Trail and near the Roseland Village Development Project. The land was acquired by Danco Communities in July 2024; the Ponderosa Village Project Summary is included as Attachment 7.

**Application Scoring.** Ponderosa Village ranked third among the new construction and fourth overall among the project applications with a score of 67%.

❖ **Readiness: Score 6 out of 10**

The project is entitled under Senate Bill 35 (SB 35) and has received planning approvals. An application for building permits has not been



submitted.

- ❖ **Affordability: Score 13.5 out of 20.**  
The project provides 27% of the units to households at or below 30% AMI.
- ❖ **Bedroom Size: Score 6 out of 8.**  
24% of the units are three-bedroom, 49% are two-bedroom.
- ❖ **Special Needs Set Asides: Score 0 out of 12.**  
The project does not contain any units set aside for special needs populations.
- ❖ **Leveraging: Score 10 out of 10.**  
The funding requested from the Housing Authority is 2% of the total development cost.
- ❖ **Project Competitiveness: Score 10 out of 10.**  
The project's self-score received the maximum points possible and a tiebreaker score of 32.22%
- ❖ **Developer & Management Experience: Score 15 out of 15.**  
Danco Communities has two completed projects and two in development in Sonoma County, including two projects (Sage Commons and Orchard Commons) subject to compliance monitoring through the City of Santa Rosa. Danco Communities has completed 29 projects throughout California.
- ❖ **On-Site Services: 7 out of 7.**  
The project will provide health and wellness services and adult educational services to residents on-site, free of charge to residents. The adult education instruction will be no less than 84 hours per year; the health and wellness services shall be no less than 138 hours per year.
- ❖ **Amenities: Score 3 out of 3.**  
The site is .2 miles from an elementary school, within .5 miles of three transit stops, and within .5 miles of a public library, grocery store and a free state preschool for qualifying families.
- ❖ **Other Factors: Not applicable.**  
This is a new construction project and not scored under Other Factors.

**Loan Terms.** The conditional 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.

**Environmental.** The project was approved by the streamlined, ministerial approval process approved by Senate Bill 35 (SB-35). The project is exempt from environmental review pursuant to CEQA Government Code Section 65913.4. The proposed funding sources will not require the preparation of a NEPA environmental review.

## PROJECTS NOT RECOMMENDED FOR FUNDING

**Caritas Homes Phase II** – Application for acquisition, predevelopment and construction-related costs.

**Project Description.** A 64-unit, new construction multifamily apartment development with 29 studios, 27 one-bedroom, 8 two-bedroom units. The unit affordability mix is: 30 units targeted to households with incomes up to 20% of AMI, 33 units targeted to household incomes up to 50% AMI and one unrestricted manager unit. The project will make 30 units available to chronically homeless households; these units will be supported by 30 Project-Based Vouchers from the Sonoma County Housing Authority. The Housing Authority previously provided this project a loan in the amount of \$1.3M in 2023 for acquisition, predevelopment and construction-related costs. The project has received a commitment of state IIG funds through the City of Santa Rosa in the amount of \$1.3M.

The project is located at 360 Seventh Street, within the Caritas Village development and immediately adjacent to the Caritas Homes Phase I project and the Caritas Center shelter and services building. The Caritas Homes Phase II Project Summary is included as Attachment 8.

The Caritas Homes Phase II project ranked fifth out of the applications received with a score of 65%.

❖ **Readiness: Score 6 out of 10.**

The project is fully entitled and has not yet submitted applications for building permits.

❖ **Affordability: Score 18 out of 20.**

48% of the units are restricted to households at or below 20% of AMI. The remaining 52% of the units are designated for households at 60% of AMI or less.

❖ **Bedroom Size: Score 1 out of 8.**

Out of the 63 restricted units, 46% are studios, 43% are one-bedrooms, and 11% are two-bedroom units.

❖ **Special Needs Set Asides: Score 11 out of 12.**

48% of the restricted units are targeted to homeless individuals and

families.

- ❖ **Leveraging: Score 9 out of 10.**  
The funding requested from the Housing Authority is 2.8% of the total development cost.
- ❖ **Project Competitiveness: Score 2 out of 10.**  
The Tax Credit Allocation Committee (TCAC) application self-score for the project was not within the top 2% of total points possible.
- ❖ **Developer & Management Experience: Score 15 out of 15.**  
The project is developed by Burbank Housing which has extensive development and management experience.
- ❖ **On-Site Services: Score 4 out of 7**  
The project will provide on-site services such as case management, crisis intervention, and substance abuse services for the 30 homeless units, and some off-site services for the remainder of the households.
- ❖ **Amenities: Score 2 out of 3.**  
The site is located within 0.5 miles of transit, including the Sonoma Marin Area Transit (SMART) Station, .6 miles of a park, .6 miles of a library, and within 1 mile of a grocery store.
- ❖ **Other Factors: Not applicable.**  
This is a new construction project and not scored under Other Factors.

**Loan Terms.** This project is not recommended for funding at this time.

**Environmental.** The greater Caritas Village development that contains the Project completed the required CEQA Environmental Impact Report which was approved by the Santa Rosa City Council on March 3, 2020; a NEPA Environmental Assessment for the Caritas Village development was completed in 2021.

#### ARTICLE XXXIV

Article XXXIV 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 XXXIV allocation is necessary for Ponderosa Village and is included in the resolution. The City is allowed 724 Article XXXIV units, 1% of the City's housing units, in 2024.

#### FISCAL IMPACT

The funds are included in the Housing Authority's FY 2024-2025 budget.

### ENVIRONMENTAL IMPACT

This action is exempt from the provisions of California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment. The environmental review of each project is included in 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 – Fiscal Year 2024-2025 Notice of Funding Availability
- Attachment 2 – Fiscal Year 2024-2025 HOME Notice of Funding Availability
- Attachment 3 – Final Fiscal Year 2024-2025 Points Scoring System
- Attachment 4 – West Avenue Apartments Summary
- Attachment 5 – Stony Point Flats Project Summary
- Attachment 6 – Laurel at Perennial Park III Project Summary
- Attachment 7 – Ponderosa Village Project Summary
- Attachment 8 – Caritas Homes Phase II Project Summary
- Attachment 9 – Locational Graphic of All Recommended Projects
- Attachment 10 - Correspondence
- Resolution – West Avenue Apartments
- Resolution – Stony Point Flats
- Resolution – Laurel at Perennial Park Phase III
- Resolution – Ponderosa Village

### CONTACT

Rebecca Lane, Program Specialist  
[rlane@srcity.org](mailto:rlane@srcity.org)