

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: ANGELA MORGAN, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES
SUBJECT: PARTIAL RELEASE OF DEEDS OF TRUST AND REGULATORY
AGREEMENTS BETWEEN PARCELS FOR WEST HEARN
AVENUE AND HEARN VETERANS VILLAGE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve partial releases of Deeds of Trust and Regulatory Agreements to Community Housing Sonoma County for West Hearn Avenue from APN 134-011-013 and for Hearn Veterans Village from APN 134-011-012 to separate the loans associated with each project and as a result of a lot line adjustment.

EXECUTIVE SUMMARY

Community Housing Sonoma County (CHSC) is the owner of the Hearn Veterans Village and West Hearn Avenue projects located at 2149 West Hearn Avenue. The property address is made up of two parcels, 134-011-012 and 134-011-013. West Hearn Avenue is an existing supportive housing project for formerly homeless veterans, and Hearn Veterans Village is a proposed 32 unit permanent supportive housing project. The two projects occupy adjacent lots, with a portion of the Hearn Veterans Village situated on both parcels. CHSC is working to complete a lot line adjustment to allow each project to occupy its own parcel and has requested that the Deeds of Trust and Regulatory Agreements which have been recorded against both parcels be partially released to only encumber each respective parcel for which the loan was awarded.

BACKGROUND

1. West Hearn Avenue: On October 22, 2007, the Housing Authority approved a \$245,407 loan for the project to assist with acquisition-related costs: loan number 9033-1805-07. On February 15, 2008, a Regulatory Agreement was recorded restricting the project's affordability and use for 55 years. On February 22, 2021, the Housing Authority approved a loan for emergency rehabilitation costs in the

amount of \$77,498, loan numbers 9933-3315-21 and 9933-3325-21, and a First Amendment to the Regulatory Agreement to extend the term of affordability was recorded.

While the initial Regulatory Agreement and Deed of Trust were only recorded on parcel 134-011-012, the Further Advance and Modification to Deed of Trust and the First Amendment to the Regulatory Agreement were recorded against both parcels.

2. Hearn Veterans Village: On February 25, 2019, the Housing Authority approved a loan for predevelopment-related costs in the amount of \$285,000: loan numbers 9933-3035-18 and 9933-3045-18. On March 12, 2020, a Regulatory Agreement was recorded restricting the project's affordability and use for 55 years. On December 13, 2021, the Housing Authority approved an additional loan for acquisition and predevelopment-related costs in the amount of \$410,000: loan number 9933-3415-21. On November 2, 2022, a subsequent Regulatory Agreement was recorded restricting the project affordability and use for 55 years.

The two Deeds of Trust were recorded against parcel number 134-011-012, and the Regulatory Agreement was recorded against both parcels.

PRIOR HOUSING AUTHORITY REVIEW

On October 22, 2007, the Housing Authority approved a \$245,407 loan to CHSC and Vietnam Veterans of California for acquisition-related costs of a vacant residential care facility located at 2149 West Hearn Avenue for the development of a transitional housing facility for homeless veterans (West Hearn Avenue). Subsequently, the property was transferred to Community Housing Sonoma County as the owner.

On February 25, 2019, the Housing Authority awarded CHSC with a \$285,000 loan for predevelopment costs for a proposed project, Hearn Veterans Village, to be located next to the existing West Hearn Avenue project.

On February 22, 2021, the Housing Authority approved a \$77,498 loan for emergency rehabilitation costs of the West Hearn Avenue project.

On December 13, 2021, the Housing Authority approved an additional loan of \$410,000 loan for acquisition and predevelopment costs for Hearn Veterans Village.

ANALYSIS

The West Hearn Avenue and Hearn Veterans Village projects are located at 2149 West Hearn Avenue, which is made up of two parcels 134-011-012 and 134-011-013. West Hearn Avenue is an existing supportive housing project, and Hearn Veterans Village is

a proposed new construction project to develop an additional 32 permanent supportive housing units. As the lot lines are currently drawn, the Hearn Veterans Village project is situated on both parcels. CHSC is working to complete a lot line adjustment to allow each project to be situated on a separate parcel and has requested that the Deeds of Trust and Regulatory Agreements which are recorded against both parcels be partially released to only encumber each respective parcel.

Once the lot line adjustment is complete, the West Hearn Avenue project will be solely located on parcel number 134-011-012 and the Hearn Veterans Village project will be located on only parcel number 134-011-013.

As currently recorded, the Regulatory Agreement and Deed of Trust for loans associated with the West Hearn Avenue project are recorded against parcel number 134-011-012, the First Amendment to the Regulatory Agreement for West Hearn Avenue is recorded against both parcels (134-011-012 and 134-011-013), the Deeds of Trust for the Hearn Veterans Village project are recorded against parcel number 134-011-012, and the Regulatory Agreement for Hearn Veterans Village is recorded against both parcels. The table below summarizes the current recordation and the requested change.

Document	Current Parcel of Recordation	Requested Parcel of Recordation
West Hearn Avenue Deed of Trust – \$245,407 loan Document No. 2008013239	134-011-012	134-011-012 (no change)
West Hearn Avenue Regulatory Agreement – Document No. 2008013238	134-011-012	134-011-012 (no change)
West Hearn Avenue First Amendment to Regulatory Agreement – Document No. 2021077639	134-011-012 and 134-011-013	134-011-012
West Hearn Avenue Further Advance and Modification to Deed of Trust – \$77,498 loan Document No. 2021077640	134-011-012 and 134-011-013	134-011-012

Hearn Veterans Village Deed of Trust – \$285,000 loan Document No. 20200119333	134-011-012 and 134-011-013	134-011-013
Hearn Veterans Village Regulatory Agreement – Document No. 2022072108	134-011-012 and 134-011-013	134-011-013
Hearn Veterans Village Deed of Trust – \$410,000 loan Document No. 2022072109	134-011-012 and 134-011-013	134-011-013

By approving partial releases to the Deeds of Trust and Regulatory Agreements to separate the projects, the Authority's loans for each project will only be reflected for each respective project and will not show as a lien against both projects jointly. The amount of encumbrances and the Regulatory Agreements recorded against properties are factors that future lenders for the project may consider when awarding loans. Adjusting the Authority's encumbrances to separate the projects will correctly show the encumbrances on each parcel so that future funding sought by the owner will not be negatively impacted by the Deeds of Trust and Regulatory Agreements which were recorded against both parcels.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on any Housing Authority funds.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act ("CEQA") because the administrative activities are not a project which has the potential for resulting in either a direct physical change in the environment, or reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

NOTIFICATION

Keith Christopherson, Community Housing Sonoma County
Barbara Towner, Craig Meltzner and Associates

ATTACHMENTS

- Resolution
- Attachment 1 – Letter from Community Housing Sonoma County
- Attachment 2 – Aerial Image with lot lines & APNs

CONTACT

Angela Morgan, amorgan@srcity.org