

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A COMMITMENT OF LOAN FUNDS IN THE AMOUNT OF \$450,000 TO SANTA ROSA CANNERS, LLC, FOR CANNERY AT RAILROAD SQUARE, 3 WEST 3RD STREET AND 60 WEST 6TH STREET – LOAN NUMBERS 9030-3135-19, 9930-3145-19, 9930-3155-19, 9930-3165-19, 9930-3175-19 and 9930-3185-19

WHEREAS, the Housing Authority issued a Notice of Funding Availability (“NOFA”) on August 6, 2019, announcing the availability of \$2,479,000 of local and federal funds (Community Development Block Grant and HOME Investment Partnership Program) and 75 Project Based Vouchers (“PBVs”) for affordable housing; and

WHEREAS, Santa Rosa Cannery, LLC, submitted an application for funds in the amount of \$2,379,000 for 114 new multifamily units (the “Project”) located at 3 West 3rd Street and 60 West 6th Street, APN’s 010-171-018 and 010-171-012 (the “Property”); and

WHEREAS, the applicant reduced the request to \$450,000 to match available funding sources; and

WHEREAS, the Housing Authority chair appointed commissioners Owen and Test to a NOFA Ad Hoc Committee. The Committee and staff reviewed the applications on November 21, 2019, and January 16, 2020, to make recommendations to the Housing Authority; and

WHEREAS, the Housing Authority considered written materials, verbal presentations, recommendations of staff and an Ad Hoc committee, and comments by those wishing to be heard at the Housing Authority meeting of January 27, 2020; and

WHEREAS, this action is exempt from the California Environmental Quality Act (“CEQA”) because the activities to be undertaken with the proceeds of the Housing Authority loan are predevelopment activities, such as architecture, engineering, landscape architecture, and environmental studies that will ultimately enable the borrower to apply to the City of Santa Rosa for entitlements. The Housing Authority loan is not a commitment by the City of Santa Rosa to approve the project; and the loan is due and payable on its terms whether or not the City of Santa Rosa approves the project. As a result, the predevelopment activities are not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378. Similarly, pursuant to CEQA Guidelines Section 15061(b)(3), the activity is covered by the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA

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

1. A commitment of loan funds to Santa Rosa Cannery, LLC, in the amount of Four Hundred Fifty Thousand and No/100 Dollars (\$450,000) for Project predevelopment costs.
2. The loan commitment 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 loan shall be secured by a deed of trust recorded against the property
4. Interest shall accrue at three percent (3%) simple per annum commencing with the recordation of the deed of trust.
5. The loan term is five (5) years from recordation of the deed of trust, unless this term is extended by the Executive Director, which extension shall be tied to milestones leading to issuance of building permits and construction of the Project. The initial loan term, including extensions, if any, (the "Initial Loan Term") shall automatically be extended to a total loan term of fifty-five (55) years ("Full Loan Term") if during the Initial Loan Term, the City of Santa Rosa has issued building permits for construction of the entire project.
6. Payments: (1) Initial Loan Term: If the loan becomes due and payable during the Initial Loan Term, the principal and interest shall be paid in full in equal yearly installments within five (5) years of the due date with no prepayment penalty; (2) Full Loan Term: If the loan is extended to fifty-five (55) years, payments of principal and interest are deferred until the loan is due with payments based on residual receipts.
7. Term of Affordability: The Project shall remain affordable for fifty-five (55) years, governed by a Regulatory Agreement recorded against the property. If the loan becomes due and payable during the Initial Loan Term, the Regulatory Agreement will be released following repayment of the loan principal and interest.
8. An allocation of 113 Article XXXIV units.

BE IT FURTHER RESOLVED that the Housing Authority hereby approves subordination of Housing Authority loans 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 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 \$450,000 from the following Key Number(s) or as otherwise determined by the Executive Director:

Fund	Key	Source	Amount	Loan No.
2130	340708-5373	Reserves	\$63,243	9030-3135-19
2281	340306-5373	Rental Rehabilitation	\$25,000	9930-3145-19
2282	340110-5373	General Fund Match for Local Housing Trust Fund	\$44,532	9930-3155-19
2284	340902-5373	RPTT	\$234,625	9930-3165-19
2291	340401-5373	Low/Mod Income Housing	\$20,600	9930-3175-19
2296	340104-5373	Housing Impact Fee	\$62,000	9930-3185-19
Total Loan Amount			\$450,000	

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this 27th day of January 2020.

AYES:

NOES:

ABSENT: ABSTAIN:

APPROVED: _____
Chair

ATTEST: _____
Secretary