

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: REBECCA LANE, MANAGER
HOUSING AND COMMUNITY SERVICES
SUBJECT: REQUEST TO REALIGN PROJECT-BASED VOUCHER
ALLOCATION FOR 3575 MENDOCINO AVENUE ACROSS TWO
PROJECT PHASES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve a realignment of the January 25, 2021 allocation of Project-Based Vouchers awarded to 3575 Mendocino Avenue from 30 vouchers for 3575 Mendocino Avenue Phase I to 17 vouchers for 3575 Mendocino Avenue Phase I and 13 vouchers for 3575 Mendocino Avenue Phase II.

EXECUTIVE SUMMARY

On January 25, 2021, BRJE Phase I Housing Partners, L.P. was awarded an allocation of 30 Project Based Vouchers (PBVs) for Phase I of 3575 Mendocino Avenue, an affordable senior development within a master plan for the 13.3 acre site where the Journey's End Mobile Home Park stood before it was destroyed in the October 2017 Tubbs fire. At the time of the proposal selection, all 30 vouchers were needed to make Phase I of the project feasible. Since that time, the project has received additional funds and created design efficiencies to reduce construction costs, resulting in a request to move 13 PBVs from Phase I to Phase II of the project. The net allocation of 30 PBVs for the entire project remains the same, with 17 vouchers allocated to Phase I and 13 vouchers allocated to Phase II.

BACKGROUND

On November 3, 2020, the Department of Housing and Community Services released a Request for Proposals (RFP) for up to 80 available Project-Based Vouchers (PBV). The RFP was released concurrent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Notice of Funding Availability (NOFA) with the intent to improve the financial feasibility of projects seeking CDBG-DR or other competitive financing.

BRJE Housing Partners submitted two proposals under the RFP for 3575 Mendocino Avenue, one for Phase I of the project requesting 30 PBVs, and one for Phases II and III requesting 33 PBVs for a total of 63 vouchers across the entire project.

The proposed project will redevelop the 13.3-acre former Journey's End Mobile Home Park site with up to 532 units comprised of a market rate component and a senior affordable component. The affordable component will include 162 units, developed in three phases, on a 2.5-acre parcel that has been earmarked for affordable housing within the larger master plan. Phase I of the project will include 94 of the 162 affordable senior units on a 1.42-acre portion and phase 2 will include 38 units on a .42 acre portion of the 2.5 acre affordable parcel. The development will offer affordable housing opportunities to prior Journey's End Mobile Home Park residents displaced by the wildfires and other extremely low, very-low, and low income seniors. The units will be targeted to seniors with household incomes between approximately 30-60% of the Sonoma County area median income (AMI).

The proposal for 30 vouchers to Phase I of the project was fully funded, and the second proposal for 33 vouchers was not recommended for an allocation under the November 2020 RFP because the majority of the funding for Phases II and III of the project had not been committed at the time of the proposal review.

In April 2021, the project solicited proposals for lenders and tax credit investors with responses due in May 2021. Investor responses for tax credit equity were higher than anticipated, resulting in \$1.8m in additional equity than what was previously estimated. The project has also reduced construction costs across all phases through design efficiencies. Due to this additional equity and cost efficiency, the developer is requesting a realignment of the PBV award to support both Phase I and Phase II of the project. Specifically, the project team is requesting the transfer of 13 PBVs from BRJE Phase I Housing Partner, L.P. to BRJE Housing Partners, L.P. to support the second phase of 3575 Mendocino.

PRIOR HOUSING AUTHORITY REVIEW

On January 25, 2021 the Housing Authority reviewed the 3575 Mendocino Avenue project and awarded and allocation of 30 PBVs to Phase I.

ANALYSIS

The project is located 3575 Mendocino Avenue, Santa Rosa, California; APNs 173-030-001 and 173-020-002, in the Northeast quadrant of Santa Rosa. The site is located in a Priority Development Area and is approximately 0.6 miles from a grocery store, 0.2 miles from a major medical center and will ultimately include a new transit stop directly in front of the senior housing development. The Master Plan also includes 1.0 acre of public open space.

The Housing Authority has supported the project with \$11.9m recommended in CDBG-DR in addition to the 30 PBVs. The project is fully funded and ready to start construction on schedule in September 2021. The project received unanimous approval from the Santa Rosa Planning Commission on November 12, 2020 and was approved by the Santa Rosa City Council on December 8, 2020.

FISCAL IMPACT

There is no fiscal impact associated with realigning a PBV award across different phases of a project. The net PBV allocation remains at 30 vouchers for the project as a whole.

ENVIRONMENTAL IMPACT

In compliance with CEQA, the City Council approved a Sustainable Communities Environmental Assessment in December 2020; the NEPA Environmental Assessment is underway.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Notification of this meeting was sent to the applicant making the request.

ATTACHMENTS

- Attachment 1 – Request from BRJE Housing Partners to Transfer Vouchers
- Resolution

CONTACT

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