

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: FRANK KASIMOV, PROGRAM SPECIALIST  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: HEARN VETERANS VILLAGE LOAN MODIFICATION - 2149 WEST  
HEARN AVENUE

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, modify the Further Advance approved by Resolution No. 1656 to a new loan for the Phase 2 Project at Hearn Veterans Village, 2149 West Hearn Avenue, allowing for two separately financed projects for homeless veterans: Phase 1 an existing 12-bed transitional housing facility and Phase 2, a 24-bedroom/efficiency unit permanent supportive housing facility to be constructed.

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EXECUTIVE SUMMARY

In 2007, the Housing Authority approved a loan in the amount of \$245,407 to assist Community Housing Sonoma County ("CHSC") and Vietnam Veterans of California acquire an existing, vacant residential care facility for the development of a 12-bed transitional housing facility for homeless veterans. The loan was assumed by CHSC. On February 25, 2019, the Housing Authority approved a conditional Further Advance to CHSC in the amount of \$285,000 for predevelopment costs associated with the second phase of the Hearn Veterans Village Project for 24 permanent supportive housing units for veterans who are homeless or at risk of homelessness. In June 2019, CHSC informed staff that the organization wants to maintain distinct and separate loans and loan documentation for each project phase, so that they function as separate projects. The Further Advance approved in February adds funds to the existing Phase 1 loan, thereby blending the two phases. Modifying the loan commitment made by Resolution No. 1656 to a new loan will financially separate the phases, achieving the borrower's request.

BACKGROUND

- The property is located at 2149 West Hearn Avenue, Santa Rosa, California, 95407 and totals approximately 2.36 acres. The location and approximate phases are shown in Attachment 1.
- The Housing Authority approved a loan commitment of \$245,407 for the Phase 1 Project in 2007, for a 12-bed transitional housing facility.

- The Housing Authority approved a Further Advance of \$285,000 for the Phase 2 Project in February 2019, for 24 bedrooms/efficiency units of permanent supportive housing.
- On June 18, 2019, CHSC requested that the Phase 1 and Phase loans 2 be separated to make it easier for future lenders to understand and consider for lending/underwriting (see Attachment 2).

#### PRIOR HOUSING AUTHORITY REVIEW

On October 22, 2007, the Housing Authority adopted Resolution No. 1399 approving a loan to Community Housing Sonoma County and Vietnam Veterans of California in the amount of \$245,407 for acquisition of an existing, vacant residential care facility located at 2149 West Hearn Avenue for the development of a transitional housing facility for 12 homeless veterans. The loan was assumed by CHSC in 2008. The project was fully occupied in February 2013, according to CHSC, and remains in service.

On February 25, 2019, the Housing Authority adopted Resolution No. 1656, approving a conditional Further Advance to CHSC in the amount of \$285,000 (Loan Nos. 9933-3035-18 and 9933-3045-18) for predevelopment costs associated with the second phase of the project for 24 permanent supportive housing units (the "Further Advance").

#### ANALYSIS

On June 18, 2019, CHSC requested that the Housing Authority process separate loan documents (rather than a Further Advance) for the Phase 2 project to make it easier for future lenders to understand and consider for lending/underwriting. As part of Phase 2, a subdivision will create a legal parcel for Phase 1 and three legal parcels for Phase 2. It is anticipated that a fourth new parcel will also be created for a future Phase 3 project.

The Further Advance approved in February 2019 adds funds to the existing Phase 1 loan, thereby blending the financing of the two phases. Modifying the loan commitment to a new loan will necessitate separate loan documents and achieve CHSC's request to separate the phases. Following subdivision of the existing parcel, the Phase 1 Loan Documents will remain in effect for Phase 1 project, secured by the property, and the new loans will support Phase 2, secured by the newly created parcels.

#### FISCAL IMPACT

The loan funds were committed in a prior fiscal year. No additional funds are requested.

#### ENVIRONMENTAL IMPACT

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, including environmental studies and initial site design that will 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 general rule 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.

#### COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

#### NOTIFICATION

Community Housing Sonoma County was notified.

#### ATTACHMENTS

- Attachment 1 – Aerial location graphic
- Attachment 2 – June 18, 2019, Request by CHSC for a separate Phase 2 Project Loan
- Resolution

#### CONTACT

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