

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A MODIFICATION TO A PRIOR FUNDING COMMITMENT OF FUNDS IN THE AMOUNT OF \$5,800,000 TO FREEBIRD DEVELOPMENT COMPANY, LLC, FOR BENNETT VALLEY APARTMENTS TO ALLOW \$2,000,000 OF PREDEVELOPMENT COSTS TO BE SECURED BY A REPAYMENT GUARANTY UNTIL THE PROPERTY IS PURCHASED BY DEVELOPER AND MODIFICATION TO THE TERM OF THE NOTE TO ALIGN WITH THE TERM OF AFFORDABILITY

WHEREAS, the Housing Authority issued a Focused Notice of Funding Availability (“NOFA”) on March 29, 2021, announcing approximately \$8,900,000 of federal and local funds for affordable housing, and applications were due on April 16, 2021; and

WHEREAS, the Housing Authority received seven applications requesting over \$23,000,000; and

WHEREAS, Freebird Development Company, LLC (Developer) submitted an application requesting \$5,800,000 for construction-related costs associated with 61 new affordable multifamily housing units and 1 non-restricted managers unit, located at the City of Santa Rosa (City)-owned former site of the Bennett Valley Senior Center at 702 Bennett Valley Road, 716 Bennett Valley Road, 921 Rutledge Avenue and 927 Rutledge Avenue, Santa Rosa, California, APN’s 038-151-004, 038-151-011, 09-333-009, and 009-333-014; and

WHEREAS, the project was approved by the streamlined, ministerial approval process provided by Senate Bill 35 (SB-35), it has been determined that the project is exempt from environmental review pursuant to the to the California Environmental Policy Act (“CEQA”) Government Code Section 65913.4; and

WHEREAS, on May 10, 2021 the Housing Authority of the City of Santa Rosa approved Resolution No. 1717 providing a conditional commitment of loan funds in the amount of Five Million Eight Hundred Thousand and No/100 Dollars (\$5,800,000.00) to Freebird Development Company, LLC for Project construction-related costs; and

WHEREAS, on June 21, 2021 the Housing Authority subsequently approved Resolution No. 1719 modifying the prior conditional commitment to allow the loan funds to also be utilized for predevelopment-related costs; and

WHEREAS, on June 29, 2021 the City entered into a Disposition and Development Agreement with Developer which outlines the conditions and responsibilities of the City and Developer related to the sale of the property to Developer; and

WHEREAS, one such condition of the sale to Developer is the requirement that all sources of funding to construct the project have been secured by Developer and are committed and available; and

WHEREAS, the sale of the site to Developer must occur prior to or simultaneously with recordation of a Deed of Trust to secure the Housing Authority's loan; and

WHEREAS, On December 20, 2021, the Developer requested that the Housing Authority further modify terms of the prior approval to allow \$2,000,000 of the Housing Authority funding commitment for predevelopment-related costs to be secured by a repayment guaranty for the interim term until a Deed of Trust can be recorded against the property at the time of sale; and

WHEREAS, the prior modification to the Housing Authority award to allow predevelopment-related costs and the Developer's request to access these funds prior to the sale of the property in order to progress the Project, requires an alternative form of security for \$2,000,000 (the amount of the loan funds to be used for predevelopment-related costs) of the Housing Authority funding commitment; and

WHEREAS, the guarantor identified in the repayment guaranty is proposed as the Developer's financial partner, L & M Development Partners, LLC, whose financial capacity was evaluated as part of the Notice of Funding Availability application submitted by the Developer; and

WHEREAS, the repayment guaranty will automatically terminate upon recordation of the Deed of Trust against the property at the time of sale which will secure the full Housing Authority commitment of \$5,800,000 in loan funds; and

WHEREAS, the Developer has also requested a modification of the loan term in the Promissory Note (Note) to align with the term of affordability, which is 55 years from the Commencement of Term, to better position the project to receive future funding awards.

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the modification of a prior conditional commitment of loan funds in the amount of \$5,800,000 to Freebird Development Company, LLC for the Bennett Valley Apartments project to allow the \$2,000,000 allocation for predevelopment-related costs to be secured by a repayment guaranty until the property is purchased by the Developer.

BE IT FURTHER RESOLVED that the Housing Authority hereby approves a modification of the loan term of the Note to align with the Project's term of affordability which is 55 years from the Commencement of Term.

IN HOUSING AUTHORITY DULY PASSED this 24th day of January, 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
Secretary Chair

APPROVED AS TO FORM: _____
City Attorney