

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II  
HOUSING AND COMMUNITY SERVICES

SUBJECT: AUTHORIZATION FOR THE CITY OF SANTA ROSA TO BECOME AN  
ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING  
AGENCY (“CALCHA”); AUTHORIZATION OF A PURCHASE OPTION  
AGREEMENTS WITH CALCHA FOR THE ACQUISITION OF 1020  
JENNINGS AVENUE; SUPPORT FOR CALCHA’S ISSUANCE OF TAX-  
EXEMPT BONDS FOR 1020 JENNINGS AVENUE; AND  
APPROPRIATION OF ANY SURPLUS CASH RECEIVED FROM 1020  
JENNINGS AVENUE INTO FUND 2282 FOR AFFORDABLE HOUSING  
PURPOSES

AGENDA ACTION: RESOLUTIONS

---

RECOMMENDATION

It is recommended by the Housing & Community Services Department (HCS) that the Council, by resolutions: 1) authorize the City of Santa Rosa to join CalCHA as an Additional Member to allow the issuance of tax exempt bonds by CalCHA within the City limits; and 2) authorize the Director of HCS to execute a Purchase Option Agreement between the City of Santa Rosa and CalCHA associated with the acquisition of 1020 Jennings Avenue (“Property”); support CalCHA’s issuance of tax-exempt bonds for the acquisition of Property; and appropriate any surplus cash and sales proceeds received from the Property into Fund 2282 to be used by HCS for the acquisition, construction, preservation, and rehabilitation of affordable housing units in Santa Rosa.

---

EXECUTIVE SUMMARY

Approval of this item will allow the City of Santa Rosa (City) to join CalCHA as an Additional Member. CalCHA, a newly formed Joint Powers Authority that funds community public benefit projects throughout the state, will be acquiring 1020 Jennings Avenue, the Annadel Apartments for conversion to income and rent restricted rental housing for middle-income households. CalCHA is a public agency that will own and operate the Property and is requesting that the City enter into a Purchase Option Agreement for the acquisition, an action that was previously approved by Council on October 16, 2018 for the California Public Finance Authority (CalPFA).

If approved by the Council, the Purchase Option Agreement may be exercised by the City, if the City so desires, between years 15 and 30 of CalCHA’s ownership. The Property will be

AUTHORIZATION FOR THE CITY OF SANTA ROSA TO BECOME AN ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (“CALCHA”); AUTHORIZATION OF A PURCHASE OPTION AGREEMENTS WITH CALCHA FOR THE ACQUISITION OF 1020 JENNINGS AVENUE; SUPPORT FOR CALCHA’S ISSUANCE OF TAX-EXEMPT BONDS FOR 1020 JENNINGS AVENUE; AND APPROPRIATION OF ANY SURPLUS CASH RECEIVED FROM 1020 JENNINGS AVENUE INTO FUND 2282 FOR AFFORDABLE HOUSING PURPOSES

Page 2 of 4

restricted by a CalCHA Regulatory Agreement to households earning between 80% and 120% of Area Median Income (AMI). Support of this acquisition by the City will help address the housing needs of an essential segment of the population that generally does not benefit from the creation of affordable housing units. The acquisition of the Property and entrance into such option agreement does not create financial liabilities for the City.

### BACKGROUND

1. One of the City’s primary goals is meeting the housing needs of its residents by actively supporting housing for all through the protection, preservation, and production of market-rate and affordable housing units.
2. In September 2018, the Council approved joining CalPFA as an additional member to facilitate the issuance of bonds within the Santa Rosa city limits. In October 2018, the Council authorized entering into a Purchase Option Agreement for 1020 Jennings Avenue.
3. CalCHA was recently formed by Kings County to isolate the middle-income/workforce housing portfolio that will be initiated with the acquisition of 1020 Jennings Avenue and future acquisition and development of properties throughout the state.
4. CalCHA is acquiring an existing market rate complex, the Annadel Apartments, that will be financed with tax-exempt bonds issued by CalCHA, and restricted to households at or below 120% of Area Median Income (AMI), referred to as “middle-income” households. CalCHA will allow in-place tenants to remain in their units following acquisition. CalCHA is not requesting financial investment in its acquisition by the City or the Housing Authority.
5. The tax-exempt bonds utilized by CalCHA to finance the Property will be issued by CalCHA, a political subdivision of the State of California that was established under the Joint Exercise of Powers Act to issue bonds throughout California. The City will become an Additional Member of CalCHA for the purpose of securing tax-exempt and taxable bonds to finance or refinance specific future housing projects.

### PRIOR CITY COUNCIL REVIEW

On September 4, 2018, the Council approved a resolution authorizing the City to join the California Public Finance Authority (“CalPFA”) as an Additional Member.

On October 16, 2018, the Council approved a resolution authorizing the City to enter into a purchase option agreement with CalPFA for 1020 Jennings Avenue, supporting CalPFA’s issuance of tax-exempt bonds to acquire middle-income housing, and appropriating surplus cash from CalPFA transactions to Fund 2282 for affordable housing purposes.

AUTHORIZATION FOR THE CITY OF SANTA ROSA TO BECOME AN ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (“CALCHA”); AUTHORIZATION OF A PURCHASE OPTION AGREEMENTS WITH CALCHA FOR THE ACQUISITION OF 1020 JENNINGS AVENUE; SUPPORT FOR CALCHA’S ISSUANCE OF TAX-EXEMPT BONDS FOR 1020 JENNINGS AVENUE; AND APPROPRIATION OF ANY SURPLUS CASH RECEIVED FROM 1020 JENNINGS AVENUE INTO FUND 2282 FOR AFFORDABLE HOUSING PURPOSES

Page 3 of 4

ANALYSIS

1. The Council approved joining CalPFA in September 2018 for the purpose of furthering affordable housing opportunities.
2. CalCHA was formed by the Kings County Board of Supervisors on January 29, 2019 to address the middle-income/workforce housing across the state.
3. By joining CalCHA as an Additional Member, developers can access financing provided through the JPA. Additional Members are non-charter members that can limit the scope of membership solely for the financing or refinancing of specific projects. CalCHA is not permitted to issue bonds or notes for any project without obtaining permission from the City Council.
4. The acquisition of 1020 Jennings Avenue, will increase the supply of affordable housing units in Santa Rosa. The units will be restricted to middle-income households, defined as those earning below 120% of AMI based on household size.
5. As part of CalCHA’s acquisition of 1020 Jennings Avenue, CalCHA has requested that the City enter into a Purchase Option Agreement (POA) with CalCHA that can be exercised 15 years following the acquisition of the Property, for the remaining term of the bonds. This Agreement will allow the City to acquire the Property, if desired, but does not create any obligation to do so.
6. Through the collection of rents and other charges, the Property may produce operating revenues. To provide the City with public benefits, any surplus cash and sale proceeds generated by the Property will be provided to the City. If surplus economics are generated, they will be remitted to the City for affordable housing production or preservation. If the City chooses to forgo its purchase options, all net proceeds resulting from eventual sale of the Property will be remitted to the City to be used in a similar manner. Should these potential funds be paid to the City, they would be deposited into Fund 2282 – Housing Grant, then utilized by HCS for affordable housing purposes.

FISCAL IMPACT

There is no fiscal impact to the City or Housing Authority associated with joining CalCHA or executing the Purchase Option Agreements. If the Purchase Option Agreements are exercised between years 15 the end of the term of the bonds, a fiscal impact could result from the acquisition costs. Such acquisition costs may be covered by the surplus cash provided to the City.

ENVIRONMENTAL IMPACT

These actions are exempt from the California Environmental Quality Act (CEQA) because they do not involve projects with potential for resulting in either direct physical changes in the

AUTHORIZATION FOR THE CITY OF SANTA ROSA TO BECOME AN ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (“CALCHA”); AUTHORIZATION OF A PURCHASE OPTION AGREEMENTS WITH CALCHA FOR THE ACQUISITION OF 1020 JENNINGS AVENUE; SUPPORT FOR CALCHA’S ISSUANCE OF TAX-EXEMPT BONDS FOR 1020 JENNINGS AVENUE; AND APPROPRIATION OF ANY SURPLUS CASH RECEIVED FROM 1020 JENNINGS AVENUE INTO FUND 2282 FOR AFFORDABLE HOUSING PURPOSES

Page 4 of 4

environment, or reasonably foreseeable indirect physical changes in the environment, pursuant to CEQA Guideline section 15378.

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

N/A

#### NOTIFICATION

N/A

#### ATTACHMENTS

- Attachment 1 – Sample Purchase Option Agreement
- Resolutions / Exhibits
  - Exhibit A - Joint Exercise of Powers Agreement

#### CONTACT

Nancy Manchester, Program Specialist II  
707-543-4339  
[nmanchester@srcity.org](mailto:nmanchester@srcity.org)