

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
SUBJECT: APPROVAL OF TRANSFER OF OWNERSHIP AND
ASSUMPTION OF HOUSING AUTHORITY REGULATORY
AGREEMENT, DENSITY BONUS HOUSING AGREEMENT,
PROJECT-BASED VOUCHER HOUSING ASSISTANCE
PAYMENTS CONTRACT, AND LOANS FOR BENTON
VETERANS' VILLAGE - 1055 BENTON STREET

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Housing and Community Services Department recommends that the Housing Authority, by resolution, conditionally approve the following for Benton Veterans' Village, located at 1055 Benton Street: 1) the transfer of ownership from Community Housing Sonoma County to PEP Housing or an affiliate Limited Liability Company (LLC); 2) the assumption of the Housing Authority's Regulatory Agreement, Density Bonus Housing Agreement, Project-Based Voucher Housing Assistance Payments contract, and loans, in the principal amount of \$1,572,294, plus a City of Santa Rosa loan in the principal amount of \$895,448 by PEP Housing or an affiliate LLC; and 3) extension of the Housing Authority's loans and City loan to October 22, 2073 to align with the terms of the Regulatory Agreement and Density Bonus Housing Agreement.

EXECUTIVE SUMMARY

Community Housing Sonoma County (CHSC) is selling 1055 Benton Street, known as Benton Veterans' Village (Project), and has entered into a purchase agreement with PEP Housing. The Project is a seven (7) unit apartment complex affordable to households with incomes between 30% and 80% of area median income (AMI). The Housing Authority has three (3) loans on the property, in the principal amount of \$1,572,294 due on July 28, 2071, a Regulatory Agreement and Density Bonus Housing Agreement securing affordability through October 22, 2073, and a Project-Based Voucher Housing Assistance Payments (PBV HAP) contract expiring on August 21, 2033. Additionally, the City of Santa Rosa provided the Project with a loan in the principal amount of \$895,448 due on January 9, 2073. As part of this transaction, PEP Housing is seeking the Housing Authority's approval to assume the Regulatory Agreement, Density Bonus Housing Agreement, PBV HAP contract, the Housing

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Authority's loans and City loan, and to extend the loans to October 22, 2073 to align with the terms of the Regulatory Agreement and Density Bonus Housing Agreement. City Council Resolution Number 2017-080 approving the \$895,448 loan authorized the Director of Housing and Community Services to execute agreements on behalf of the City, including assignment and assumption agreements.

BACKGROUND

The Project consists of seven (7) one-bedroom units affordable to households with incomes between 30% and 80% AMI, secured by a Regulatory Agreement and Density Bonus Housing Agreement expiring on October 22, 2073. The balance of the Housing Authority loans as of January 31, 2026 is \$2,054,741 (\$1,572,294 principal plus \$482,447 interest) and the City loan is \$1,112,121 (\$895,448 principal plus \$216,673 interest).

A portion of the Housing Authority's loan, in the principal amount of \$412,767, is funded with federal HOME Investment Partnerships Community Housing Development Organization (HOME-CHDO) funds. CHSC is a certified CHDO and eligible to receive this type of funding. Federal regulations require that the property be sold to another CHDO, however, the U.S. Department of Housing and Urban Development (HUD) has provided the City with a waiver to allow the sale of the property to PEP Housing, which is not a CHDO.

CHSC is winding down operations and has decided to sell its properties, including those with Housing Authority loans and Regulatory Agreements including Henry House, Hearn House, Hearn Veterans' Village, and 1228 McMinn Avenue. CHSC has entered into a purchase agreement with PEP Housing for the Project. Sale of the property and assumption of the Housing Authority's Regulatory Agreement, Density Bonus Housing Agreement, PBV HAP contract, loans, City loan, and extension of loan terms by a new owner requires Housing Authority approval.

PRIOR HOUSING AUTHORITY REVIEW

On June 17, 2014, the Housing Authority, by Resolution Number 1581, approved a loan in the amount of \$567,512 for the acquisition and development of the Project, three percent (3%) interest, residual cash receipts, deferred for thirty (30) years, and due on July 17, 2044.

On July 27, 2015, the Housing Authority, by Resolution Number 1600, approved a further advance of funds for the Project in the amount of \$171,141 for development costs under the same terms of the prior loan.

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On October 26, 2015, the Housing Authority, by Resolution Number 1604, approved the allocation of six (6) Veterans' Affairs Supportive Housing (VASH) vouchers for the Project under a fifteen (15) year PBV HAP contract, to expire on August 21, 2033.

On July 25, 2016, the Housing Authority, by Resolution Number 1616, approved a second further advance for the Project in the amount of \$833,641 for development costs, three percent (3%) interest, residual cash receipts, deferred for 55 years to align with the maturity date of a Veterans' Housing and Homelessness Prevention Program (VHHP) loan (described below), and due on July 28, 2071.

On May 23, 2017, the City Council, by Resolution Number 2017-080, approved a commitment of loan funds in the amount of \$895,448 for development costs, three percent (3%) interest, residual cash receipts, deferred for 55 years and due on January 9, 2073. This resolution authorized the Director of Housing and Community Services to execute agreements on behalf of the City, including assignment and assumption agreements.

ANALYSIS

Per the purchase agreement PEP Housing will purchase the Project for \$20,000 to cover costs associated with the sale. As part of the transaction, PEP Housing will assume all existing loans and regulatory agreements secured by the property. In addition to the Housing Authority's loans and the City loan, this includes loans from the California Department of Housing and Community Development (HCD) Veterans Housing and Homelessness Prevention Program (VHHP), in the principal amount of \$1,013,750, and the Federal Home Loan Bank of San Francisco Affordable Housing Program (AHP), in the principal amount of \$105,000.

PEP Housing is a local nonprofit organization with a longstanding mission to provide affordable housing for seniors and individuals with limited income in Sonoma County. The organization demonstrates strong operational capacity and financial stability managing 19 properties with over 670 units, including three projects funded by the Housing Authority – Acacia Lane Senior Apartments, Linda Tunis Senior Apartments, and Vigil Lights Senior Apartments with a total of 116 affordable units.

Subject to Housing Authority approval, PEP Housing will continue to operate the property as affordable housing consistent with the terms of the Housing Authority's Regulatory Agreement, Density Bonus Housing Agreement, and PBV HAP contract. Approval of this item ensures the long-term preservation of affordable, supportive housing in Santa Rosa.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the Housing Authority's budget.

ENVIRONMENTAL IMPACT

The Housing Authority finds pursuant to CEQA Guidelines Section 15378, the proposed action is not a "project" subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable.

NOTIFICATION

CHSC and PEP Housing have been notified of the meeting.

ATTACHMENTS

- Resolution
- Letter from PEP Housing

PRESENTER

Koy Stewart, Program Specialist