



Transfer of Ownership, Assumption of Housing Authority Loans, Regulatory Agreement Earle St. Apartments

November 24, 2025

Background

- Earle Street Apartments, 400 Earle Street
- 8 one-bedroom units affordable to households at 50% of Area Median Income (AMI)
- Owned by Sonoma Community Action Network (Sonoma CAN, formerly Community Action Partnership of Sonoma County)
- Housing Authority has two loans on the property due December 29, 2028
 - \$341,650 Principal
 - \$191,644 Interest
 - \$533,294 As of November 30, 2025
- Regulatory Agreement to September 16, 2075

Background

- Sonoma CAN selling the property
- Entered into a Letter of Intent (LOI) with Humanity Housing North Bay (HHNB)
- HHNB – Local non-profit organization focused on preserving and strengthening affordable housing
- HHNB – Prior experience owning/operating affordable housing – The Palms
- Sale of the property and assumption of the Housing Authority's Regulatory Agreement and loans requires Housing Authority approval

Analysis

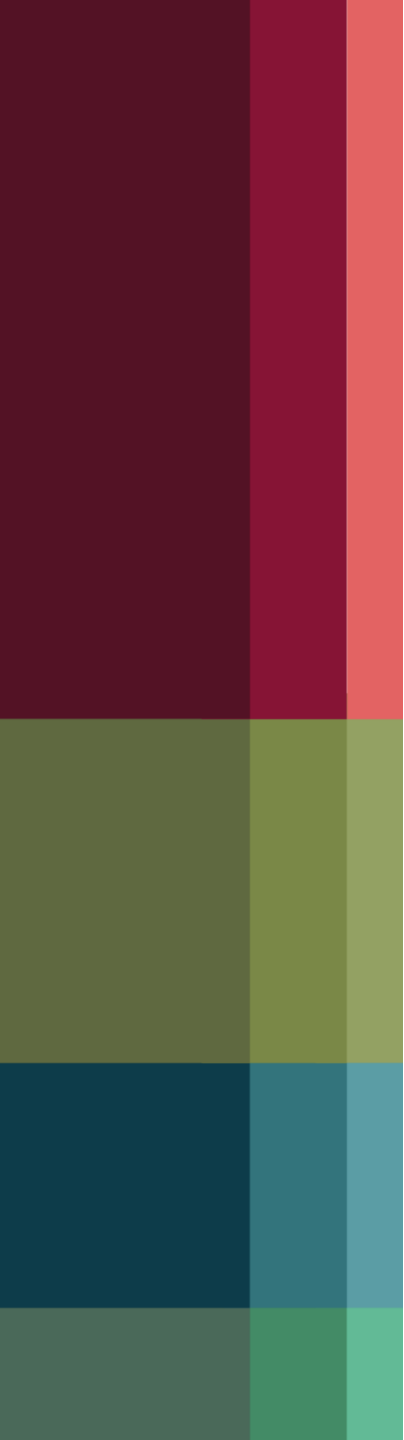
- HHNB proposed financing
\$600,000 – First Mortgage
\$66,706 – Investor
\$533,294 – Housing Authority loans
\$1,200,000 Purchase Price
- Loan-to Value = 0.94
- Debt Service Coverage Ratio = 1.30
- Requires subordination of Housing Authority loans to First Mortgage

Analysis

- Review of financial statements for The Palms and projected operating proforma for Earle Street demonstrate capacity to maintain/operate the properties
- Subject to Housing Authority approval, Sonoma CAN and HHNB will enter into a Purchase Agreement
- HHNB will continue to operate the property as affordable housing consistent with the terms of the Housing Authority's Regulatory Agreement
- Approval of this item supports the long-term preservation of affordable housing in Santa Rosa

Recommendation

The Housing and Community Services Department recommends that the Housing Authority, by resolution, conditionally approve the following for Earle Street Apartments, located at 400 Earle Street: 1) transfer of ownership from Sonoma Community Action Network (Sonoma CAN, formerly Community Action Partnership of Sonoma County) to Humanity Housing North Bay (HHNB); 2) assumption of the Housing Authority's Regulatory Agreement and loans, in the principal amount of \$341,650 by HHNB; and 3) subordination of the Housing Authority loans to a first mortgage, in the approximate amount of \$600,000, to allow HHNB to purchase the property.

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Questions?