

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: REBECCA LANE, HOUSING AND COMMUNITY SERVICES  
MANAGER  
SUBJECT: REQUEST TO ALLOCATE TWENTY-ONE (21) VOUCHERS FOR  
THE PARKWOOD APARTMENTS UNDER A FIFTEEN-YEAR  
PROJECT-BASED HOUSING ASSISTANCE PAYMENTS  
CONTRACT

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve the allocation of twenty-one (21) vouchers under a fifteen-year Project-Based Housing Assistance Payments (HAP) contract for the Parkwood Apartments.

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EXECUTIVE SUMMARY

The Santa Rosa Housing Authority released a Request for Proposals (RFP) in September 2018 with up to 100 vouchers available for existing units, substantial rehabilitation projects and new construction projects.

Burbank Housing applied under the RFP for 21 vouchers for Parkwood Apartments, an existing housing project that Burbank Housing acquired with the intent to convert from market rate to affordable. The property is located at 6899 Montecito Boulevard in east Santa Rosa and has a total of 54 units plus two managers' units. There are seven one-story condo-style residential buildings and two laundry buildings. The property was built in 1978 and consists of all two-bedroom, 800 square foot units. The property is adjacent to Rincon Valley Community Park and within walking distance of the Rincon Valley Regional Library.

The Parkwood Apartments proposal was reviewed by an ad-hoc subcommittee of three Housing Authority commissioners and was unanimously recommended to move forward to proposal selection by the full Housing Authority.

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BACKGROUND

Parkwood Apartments is an existing 56-unit apartment complex located at 6899 Montecito Boulevard in Santa Rosa's Rincon Valley neighborhood. The property was listed for sale in June 2018. Burbank Housing submitted an offer to purchase with the intent to convert the property to an affordable housing community. Burbank Housing's purchase of the property closed January 9, 2019.

The rents at Parkwood Apartments were below market at the time the property was listed for sale. Burbank does not intend to terminate any existing tenancies based on income requirements of new affordable housing restrictions applied to the property. Burbank Housing surveyed the residents as part of the acquisition process and determined that the tenant income levels were compatible with tax credit and other public sector funding program requirements.

The Parkwood Apartments Project-Based Voucher (PBV) proposal (Proposal) was reviewed by a committee consisting of three Housing Authority commissioners and was unanimously recommended to move forward for approval from the Housing Authority.

The Housing Authority approval of the Proposal will authorize staff to enter into the Housing Assistance Payments (HAP) contract as required under the PBV regulations at 24 CFR Part 983 for the Parkwood Apartments.

PRIOR HOUSING AUTHORITY REVIEW

The Housing Authority has not previously reviewed a request for PBVs for Parkwood Apartments. The Housing Authority reviewed Burbank Housing's response to the Santa Rosa Housing Authority Notice of Funding Availability (NOFA) at the October 22, 2018.

ANALYSIS

The PBV subcommittee of the Housing Authority has reviewed all proposals submitted under the RFP and recommended that the Parkwood Apartments Proposal move forward to the Housing Authority for approval by the full Board of Commissioners. The subcommittee requested additional information from several other applicants and is deferring a final decision on any other proposals at this time.

*Project Location*

The Parkwood Apartments are located in the Rincon Valley area of Santa Rosa where there are currently few affordable rental properties. The project is adjacent to a community park and a public library and is approximately 0.6 miles from the Montecito Shopping center which includes a grocery store, restaurants, and other services. The

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project is within one mile of Rincon Valley Middle School, and a Santa Rosa City Bus stop for Route 4 is located on Montecito Boulevard 0.1 mile from the property.

*Project Readiness*

The Parkwood acquisition protects existing low-income tenants from market rate rent increases. Burbank Housing does not intend to relocate any existing tenants at the property as a result of the conversion from market rate to affordable; PBV regulations also protect in-place tenants from displacement when vouchers are attached to existing housing.

Burbank has completed comprehensive income determinations of all current tenants. Eight PBVs will be targeted to the current residents with the lowest incomes; rental assistance for these families is expected to become effective within 60-90 days of Proposal selection.

The remaining 13 vouchers requested under the Proposal will be attached to the vacant units at Parkwood, which allows the Housing Authority to refer eligible applicants from the Housing Choice Voucher Waiting List. It is expected that these units will be occupied by new voucher families within 60-120 days of Proposal selection.

Each of the 21 families that will ultimately be assisted at Parkwood will be required under the PBV regulations to reside at the project for a minimum of one year. After 12 months of an assisted tenancy, the families may request a tenant-based portable voucher from the Housing Authority. The Housing Authority will be required to approve the request so long as a tenant-based voucher is available, and the family is in good standing with the program.

*Financial Feasibility*

A conditional commitment of \$2,400,000 in federal and local funds administered by the Santa Rosa Housing Trust was made to Burbank Housing for the Parkwood Apartments acquisition by the Housing Authority at the October 22, 2018 meeting. Burbank plans to complete a tax credit syndication in one to two years and take out a bridge loan to finance property renovation. Under this planned financing structure, 51 of the 56 units would be income restricted, affordable units for 55 years and Burbank would be able to complete rehabilitation of the buildings to ensure their useful life for an additional 15 or more years.

*Regulatory Requirements*

The Proposal meets the requirements of the PBV regulations at 24 CFR 983 and the revisions under the Housing Opportunity Through Modernization Act of 2016 (HOTMA) as outlined in the implementation guidance in Public and Indian Housing (PIH) Notice

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2017-21. Burbank is working with staff from the Housing Authority to develop an action plan in compliance with the PBV regulations to determine eligibility of current residents and refer eligible families from the Housing Choice Voucher Waiting List for the immediate leasing of the vacant units and create a pool of potential future applicants from the Waiting List.

*Subcommittee Recommendation*

A Project-Based Voucher subcommittee of three Housing Authority commissioners reviewed Burbank Housing's proposal and found the Parkwood Apartment project met the requirements for approval and was the project that would most quickly deliver new affordable housing units to the rental market. The committee is gathering additional information from the remaining developers that submitted proposals under the RFP, finding that further due diligence was required before rendering a decision.

FISCAL IMPACT

The City of Santa Rosa Housing Authority has an existing Project-Based Voucher program with 114 operational units and 94 vouchers committed to future projects, representing a total of 11% of the Housing Choice Voucher program budget authority.

Initial contract rents for the Parkwood Apartments units are expected to be set at the payment standard, subject to rent reasonableness determination.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is 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.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

An ad-hoc subcommittee of three Housing Authority commissioners reviewed the Parkwood Apartments proposal and recommended full Housing Authority approval.

NOTIFICATION

Not applicable.

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ASSISTANCE PAYMENTS CONTRACT  
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ATTACHMENTS

- Attachment 1 – Project-Based Voucher Request for Parkwood Apartments
- Resolution

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