

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES  
MANAGER  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: 2020-2021 FOCUSED NOTICE OF FUNDING AVAILABILITY –  
FUNDING RECOMMENDATION FOR DETURK WINERY VILLAGE, 8  
WEST 9TH STREET AND 808 DONAHUE STREET

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing Authority NOFA Ad Hoc Committee and the Housing and Community Services Department that the Housing Authority, by resolution, approve a conditional commitment of funds to MAC 2, L.P and Foundation for Affordable Housing Inc., in the amount of \$4,200,000 for acquisition, predevelopment and construction-related costs for DeTurk Winery Village, 136 multifamily rental units, located at 8 West 9th Street and 808 Donahue Street.

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EXECUTIVE SUMMARY

In response to the 2020-2021 Focused Notice of Funding Availability (“NOFA”) announcing approximately \$4,200,000 million of funds for affordable housing, the Housing Authority received four applications requesting \$14,700,000 million for 391 total new units. The NOFA focused on multifamily rental projects with application deadlines in July or September for two state funding programs. All four projects submitted applications in the special disaster recovery tax credit program pursuant to the Further Consolidated Appropriations Act of 2020 (“FCAA”).

BACKGROUND

As announced in the NOFA (see Attachment 1), approximately \$3,000,000 of local funds and \$1,200,000 of federal Community Development Block Grant (“CDBG”) funds are available. The NOFA is focused on projects that will apply for 9% tax credit allocation from the California Tax Credit Allocation Committee (“CTCAC”) in the July 2020 round or funding from the Multifamily Housing Program (“MHP”) in the September 2020 round. Factors for evaluation include competitiveness in the State funding programs; project readiness; financial feasibility of the project; qualifications, capability and expertise of the development team to finance, design, build/rehabilitate and manage affordable housing; affordability levels; number of units; unit mix (number of bedrooms); any information requested in the Loan Application; Housing Authority policies; and preferences; and completeness, accuracy, and quality of the proposal/application. The Housing Authority reserves the right to weigh certain selection criteria over others.

In the event the Housing Authority commits funds to a project that is not successful in these current funding competitions, the funds will remain committed for up to two additional funding rounds with state applications due through September 2021. If the State funding is not awarded following the additional application round, as applicable, the Housing Authority funds will be rescinded and made available via a subsequent NOFA.

Four applications were received; all four projects will be competing in the FCAA tax credit allocation funding round. FCAA provides \$100 million of competitive 9% tax credits affordable housing projects in 13 California counties affected by 2017 and 2018 wildfires. At the time this staff report was prepared, Sonoma County’s share is \$15,460,321. In addition, the tie-breaker is based on three factors: (1) the presence within the submitted application of a formal letter of support for the project from the local agency; (2), the application with the greatest number of proposed Tax Credit Units; and (3) the application with the greatest number of proposed bedrooms within the proposed Tax Credit Units shall be selected.

**ANALYSIS**

The Focused NOFA was issued on April 16, 2020, and applications were due on May 15, 2020. Four applications were submitted seeking \$14,700,000 of funds, as shown in the following table. The applications are for new multifamily housing.

NOFA Applications

Project Name	Applicant	Location / Quadrant	Total Units	Number of CTCAC Units / Bedrooms	Funding Request
Caritas Homes Phase 1	Burbank Housing Development Corp.	A Street and 7th Street / NE	64	63 / 43	\$3,000,000
Crossings on Dutton	UHC H4 LLC (Urban Housing Communities)	3150 Dutton Avenue / SW	107	105 / 215	\$4,000,000
DeTurk Winery Village	MAC 2, L.P. (Meta Housing Corporation and Foundation for Affordable Housing, Inc.)	8 West 9th St and 808 Donahue St /NW	136	134 / 239	\$4,200,000
Mahonia Glen Phase I	MP One Calistoga Associates, LP (MidPen Housing)	5173 Highway 12 / NE	84	83 / 154	\$3,500,000
<b>Total</b>			<b>391</b>		<b>\$14,700,000</b>

***DeTurk Winery Village***

**Project Description.** DeTurk Winery Village, as proposed, is a 136-unit, multifamily apartment development with studio, one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 14 units targeted to households with incomes up to 30% of Area Median

Income (“AMI”), 56 units targeted to household incomes up to 50% AMI, 64 units targeted to household incomes up to 60% AMI and two unrestricted manager units.

The Project is located 8 West 9<sup>th</sup> Street and 808 Donahue Street, Santa Rosa, California; APN's 010-091-001 and 010-091-007, in the NW quadrant (see Attachment 2). The site is in close proximity to transit, groceries, retail, and two off-site bicycle/pedestrian paths

**Recommendation for Funding.** DeTurk Winery Village is recommended for a conditional commitment of funds for the following reasons:

- DeTurk Winery Village provides needed affordable housing in studio, one- two- and three-bedroom units, targeted to extremely low-, very low- and low-income households.
- Readiness: Approvals – the Project was approved in a series of actions by the Cultural Heritage Board, the Design Review Board and the City Council.
- Readiness: Financing - The Housing Authority loan, the FCAA tax credit equity will fill the funding gaps. Other permanent funding sources include a permanent loan and deferred developer fee.
- Readiness: Construction start is anticipated by April 2021 and completion by December 2022.
- The Project's 136 units make it competitive for the FCAA tax credit financing tiebreaker based on project size.
- The Project is located within the Downtown Station Area Specific Plan area, a Priority Development Area.
- The Project will provide a community room, outdoor play area, offices for onsite staff, and a laundry room.
- DeTurk Winery Village will be coordinating with a non-profit services provider to offer resident services that include an after-school program, health and wellness skill building, and social programs.

**Loan Terms.** The loan amount is \$4,200,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the deed of trust. The term of affordability through the Regulatory Agreement will be 55 years.

**Goals and Policies.** Development of DeTurk Winery Village is consistent with several General Plan affordable housing policies and, therefore, public objectives to meet community needs with housing for low-income households, for example (see Attachment 7) H-C-4, H-C-5, H-C-6, H-C-8, H-C-10, H-C-13 and H-C-15.

**Developer Experience.** Meta Housing Corporation, and their non-profit partner Foundation for Affordable Housing, Inc., have built over 80 residential communities, providing 7,000 housing units. Staff contacted the several jurisdictions regarding their experience. The City of Gilroy

noted that a project completed in 2019 is well designed and looks forward to working with them again. The City of Brentwood provided Meta Housing Corporation with financial assistance; the project is noted as being well designed and managed.

#### PROJECTS NOT RECOMMENDED FOR FUNDING

Three projects are not recommended for funding; a summary of these projects is presented in Attachment 8.

#### PRIOR HOUSING AUTHORITY REVIEW

None.

#### ARTICLE XXXIV

Article 34 of the California Constitution applies to low rent housing that is developed, constructed or acquired by a public entity or by private developers who receive federal, state or local assistance. An Article 34 allocation must be made for 134 units at DeTurk Winery Village.

#### FISCAL IMPACT

The funds are included in the Housing Authority's 2020-2021 budget.

#### ENVIRONMENTAL IMPACT

**DeTurk Winery Village.** The loan is subject to completion of environmental review pursuant to the National Environmental Policy Act (NEPA) for use of the CDBG funds. The project was approved in a series of actions by the Cultural Heritage Board, the Design Review Board and the City Council, it has been determined that the project is exempt from environmental review pursuant to the California Environmental Policy Act (CEQA) Government Code Section 654457 in that the project would develop a residential land use that is undertaken to implement, and is consistent with, the Downtown Station Area Specific Plan; Class 32, Section 15332 – In-fill Development Projects; Section 15331 as maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical structures.

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

Not Applicable

#### NOTIFICATION

Notification of this meeting was sent to each of the applicants.

#### ATTACHMENTS

- Attachment 1 – Notice of Funding Availability
- Attachment 2 – Location graphic
- Attachment 3 – Project Summary

- Attachment 4 – Project Narrative
- Attachment 5 – Loan Application
- Attachment 6 – Proforma
- Attachment 7 – General Plan Housing Policies
- Attachment 8 – Projects Not Recommended for Funding
- Resolution DeTurk Winery Village

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