

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A LOAN IN THE AMOUNT OF \$690,000 AND AN ALLOCATION OF EIGHT PROJECT BASED VOUCHERS TO CAULFIELD LANE SENIOR HOUSING, INC. FOR LINDA TUNIS SENIOR APARTMENTS, 600 ACACIA LANE – LOAN NUMBER 9022-3195-19

WHEREAS, the Housing Authority issued a Notice of Funding Availability (“NOFA”) on August 6, 2019, announcing the availability of \$2,479,000 of local and federal funds (Community Development Block Grant and HOME Investment Partnership Program) and 75 Project Based Vouchers (“PBVs”) for affordable housing; and

WHEREAS, PEP Housing submitted an application for funds in the amount of \$690,000 for acquisition and conversion of an existing structure to 26 senior housing units (the “Project”) located at 600 Acacia Lane, a portion of APN 182-520-088; and

WHEREAS, Petaluma Ecumenical Properties (“PEP”) is the legal name of PEP Housing; and

WHEREAS, PEP modified the application changing the borrower to Caulfield Lane Senior Housing, Inc. (“CLSHI”), a public nonprofit development corporation, which is a PEP affiliate; and

WHEREAS, PEP acquired an approximately 2.82-acre property improved with two structures for a purchase price of \$3,000,000 in exchange for seller takeback financing in the amount of \$1,000,00; and

WHEREAS, PEP will split the existing lot into two parcels, one of which will be approximately 1.27 acres with an existing 20,380 square foot commercial building that will be converted to 26 studio apartments: 25 for seniors with household incomes up to 50% Area Median Income and one non-restricted resident manager unit (the “Affordable Housing Parcel”) and

WHEREAS, PEP will sell the Affordable Housing Parcel to CLSHI concurrent with the closing of the CDBG loan and other funding; and

WHEREAS, the Planning and Economic Development Department of the City of Santa Rosa (“PED”) approved a 5-year temporary used permit for 26 senior housing units, and applications for permanent entitlements have been submitted; and

WHEREAS, the temporary use permit was granted pursuant to CEQA Guidelines Section 15061(b)(3): the activity is covered by the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment; where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is

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not subject to CEQA. Future approvals for permanent entitlement of 26 units on the site will qualify for a Class 32 exemption from CEQA pursuant to CEQA Guidelines Section 15332, In-Fill Development Projects, according to PED staff; and

WHEREAS, the loan funds and Project Based Vouchers will provide financial assistance to the Project that will provide affordable housing for very low-income seniors; and

WHEREAS, the Project-Based Voucher program is a component of the Housing Choice Voucher program of the U.S. Housing and Urban Development Department (“HUD”) and aims to increase affordable housing opportunities and provide an incentive for owners to develop, maintain and improve affordable housing; and

WHEREAS, under the Project-Based Voucher regulations at 24 CFR 983, a Housing Authority can attach up to 20 percent of its Housing Choice authorized units for Project-Based Vouchers and an additional 10 percent of its units under certain circumstances including when the units are provided for elderly persons (defined as age 62 and older); and

WHEREAS, the initial PBV contract is up to 20 years; and the Housing Authority may renew the contract pursuant to PBV regulations; and

WHEREAS, the Housing Authority of the City of Santa Rosa (the “Housing Authority”) currently has 114 units under PBV Housing Assistance Payments (“HAP”) contracts, 65 units under Agreement to Enter into HAP (“AHAP”) and 29 units in pre-contract stages for a total of 208 Housing Choice Vouchers set aside as PBVs across eight different projects. PBVs represent approximately 11 percent of total Housing Choice Vouchers; and

WHEREAS, PEP Housing has requested eight (8) Project-Based Vouchers for Linda Tunis Senior Apartments, which is below the standard HUD PBV program cap of 25 PBVs or 25% of the total project units, whichever is greater; and

WHEREAS, construction is anticipated to begin by July 31, 2020, and be completed by July 31, 2021; and

WHEREAS, the Housing Authority considered written materials, verbal presentations, recommendations of staff and an Ad Hoc committee, and comments by those wishing to be heard at the Housing Authority meeting of February 24, 2020; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the following:

1. Approval of loan funds to Caulfield Lane Senior Housing, Inc. in the amount of Six Hundred Ninety Thousand and No/100 Dollars (\$690,000) for Project costs upon completion of the following requirements:

- a. Environmental review pursuant to the National Environmental Policy Act.
  - b. Approval by the City of Santa Rosa of permanent entitlements for the Project on the Property.
2. The loan is subject to the General Loan Conditions adopted by the Housing Authority by Resolution No. 806 on January 23, 1995, including satisfaction of all loan underwriting conditions and the applicable funding guidelines.
3. The loan shall be secured by a deed of trust and recorded against the property.
4. The loan term is fifty-five (55) years, commencing with the recordation of the deed of trust.
5. The Loan shall accrue simple interest at a rate of three percent (3%) per annum, commencing with the recordation of the deed of trust.
6. Payments of principal and interest will be deferred until such time as net operating income and debt service on all senior loans can be met and additional cash flow is available to make payments; there is no prepayment penalty.
7. The Project shall remain affordable for fifty-five (55) years, governed by a Regulatory Agreement recorded against the property.
8. An allocation of eight Project Based Vouchers for a 20-year contract term that will be governed by a Housing Assistance Payments Contract, subject to the following:
  - a. Completion and approval of environmental review pursuant to the National Environmental Policy Act; and
  - b. Completion of a Subsidy Layering Review by the California Tax Credit Allocation Committee in compliance with HUD Guidelines.
9. Construction of the Project shall commence by no later than July 31, 2020, and be completed no later than, July 31, 2021, or as may be extended in writing by the Executive Director.
10. An allocation of 25 units pursuant to Article XXXIV of the California Constitution.

BE IT FURTHER RESOLVED that the Housing Authority hereby approves subordination of Housing Authority loans to senior financing in a form approved by Housing Authority General Counsel, if required by other lenders.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute agreements and related loan documents for the Project consistent with this Resolution.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Chief Financial Officer to pay all claims for the loan in an amount not to exceed \$690,000 from the following Key Number(s) or as otherwise determined by the Executive Director:

<b>Fund</b>	<b>Key</b>	<b>Source</b>	<b>Amount</b>	<b>Loan No.</b>
2280	340302-5373	CDBG	\$690,000	9022-3195-19
<b>Total Loan Amount</b>			<b>\$690,000</b>	

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this 24<sup>th</sup> day of February 2020.

AYES:

NOES:

ABSENT: ABSTAIN:

APPROVED: \_\_\_\_\_  
Chair

ATTEST: \_\_\_\_\_  
Secretary