

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: REBECCA LANE, HOUSING AND COMMUNITY SERVICES MANAGER
HOUSING AND COMMUNITY SERVICES
SUBJECT: MAY 2020 REQUEST FOR PROPOSALS FOR PROJECT BASED
VOUCHERS – FUNDING RECOMMENDATIONS FOR DETURK
WINERY VILLAGE, BURBANK AVENUE APARTMENTS, AND CARITAS
HOMES, PHASE I

AGENDA ACTION: RESOLUTION(S)

RECOMMENDATION

It is recommended by the Housing Authority NOFA and RFP Ad Hoc Committee and the Housing and Community Services Department that the Housing Authority, by resolution, approve a conditional commitment of eight (8) Project Based Vouchers (PBVs) to MAC 2, L.P. (Meta Housing) for DeTurk Winery Village, with a total of 136 multifamily rental units, located at 8 West 9th Street and 808 Donahue Street.

In addition, it is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve conditional voucher commitments to the projects seeking Disaster Recovery Tax Credits in July 2020 as follows: twelve (12) vouchers to Waterstone Residential, LLC for Burbank Avenue Apartments located at 1400 Burbank Ave and 1780 Burbank Ave; and thirty (30) vouchers to Burbank Housing Development Corporation for Caritas Homes Phase I located at A Street and Seventh Street.

EXECUTIVE SUMMARY

In response to the May 2020 Project Based Voucher (PBV) Request for Proposals (RFP) announcing the availability of 60 Project Based Vouchers, the Housing Authority received applications requesting 91 vouchers for six projects with a total of 669 affordable units. The RFP was released with the intent to make projects more competitive for Disaster Recovery Tax Credits or other competitive housing funding; all final awards of vouchers will be contingent upon the project receiving the competitive funding the PBVs are being used to leverage.

BACKGROUND

As announced in the RFP (see Attachment 1), 60 PBV units were made available to help make projects more competitive for competitive housing funding. The RFP was released shortly after the Santa Rosa Housing Authority 2020-2021 Notice of Funding Availability (NOFA) which focused on projects that intend to 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. Projects that had applied for funding

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from the Santa Rosa Housing Authority (SRHA) within the last two years were allowed to submit a Streamlined Application including an updated project narrative and 20-year cash flow proforma; first-time SRHA applicants were required to submit a full application.

Similar to the NOFA contingency, in the event the Housing Authority commits vouchers to a project that is not successful in its first planned funding competition, the vouchers will remain available to the project for up to two additional competitive funding applications through September 2021. If the competitive funding that the voucher commitment is leveraging is not awarded following the additional application round(s) the voucher commitment will be rescinded.

Six proposals were received under the RFP; three of which plan to apply for the special disaster relief tax credit allocation funding round. The Further Consolidated Appropriations Act of 2020 (“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 proposed to be \$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 PBV RFP was issued on May 14, 2020, and applications were due on May 27, 2020. Six applications were submitted seeking 91 total vouchers, as shown in the following table.

PBV Proposals

Project Name	Project Type	Applicant	Location / Quadrant	Total PBVs Requested	Total Units Proposed	% PBVs of Total
Burbank Avenue Apartments (Multifamily Attached)	New Construction	Waterstone Residential, LLC	1400 Burbank Ave and 1780 Burbank Ave / SW	12	64	19%
Cannery at Railroad Square	New Construction	Santa Rosa Cannery, LLC	3 West 3rd St / NW	25	129	19%
Caritas Homes Phase 1	New Construction	Burbank Housing Development Corp.	Morgan Street and 7th Street / NE	30	64	47%
Del Nido Apartments	Substantial Rehabilitation of existing units	Eden Housing	850 Russell Ave / NW	8	206	4%
DeTurk Winery Village	New Construction	MAC 2, L.P. (Meta Housing)	8 West 9th St and 808 Donahue St /NW	8	136	6%

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Stony Point Family Apartments	New Construction	Affordable Housing Alliance II, Inc.	2268 Stony Point Rd / SW	8	70	11%
Total				91	669	

PBV Commitment Recommendations

DeTurk Winery Village

Project Description: DeTurk Winery Village 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 9th Street and 808 Donahue Street, Santa Rosa, California; APN’s 010-091-001 and 010-091-007, in the NW quadrant. The site is located in close proximity to transit, groceries, retail, and two off-site bicycle/pedestrian paths.

Recommendation for Project: DeTurk Winery Village is recommended for a conditional commitment of eight vouchers 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 tie-breaker 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.

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- 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.

Project-Based Voucher Leveraging and Distribution: DeTurk Winery Village has requested eight PBVs to leverage funding for and develop a total of 136 units. The estimated annual rental subsidy from the PBVs is \$190,920. Of the eight PBV units, three will be one-bedroom units, three will be two-bedroom units and two will be three-bedroom units.

Goals and Policies: The project is consistent with the goals of the PBV program by developing new affordable housing and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

Burbank Avenue Apartments (Multifamily Attached)

Project Description: Burbank Avenue Apartments is part of a larger site development plan known as the Burbank Avenue Subdivision. The entire Subdivision will consist of a total of 138 homes in a mix of housing types, including 62 single family homes, 12 duet row townhomes and 64 multifamily apartment homes. The apartment homes will be 100% affordable to households between 30% and 60% of Area Median Income (AMI).

The project is located at 1400/1780 Burbank Avenue in Southwest Santa Rosa in close proximity to transit stops, Roseland Elementary School and a future city park.

Recommendation for Project: The Department of Housing and Community Services recommends that Burbank Avenue Apartments receive a commitment of 12 PBVs for the following reasons:

- The project offers a mix of market-rate and affordable housing with a mix of housing types; this is consistent with the Housing Choice Voucher and Project Based Voucher program goal to deconcentrate poverty
- The project will provide active and passive outdoor amenity spaces including barbeques, picnic tables, children's play areas and green space
- The project will compete for 9% Disaster Recovery Tax Credits due on July 1, 2020. The addition of PBVs makes the project more competitive for the 9% Tax Credit round. The project will also apply for the Multifamily Housing Program (MHP) funding in September 2020.

Project-Based Voucher Leveraging and Distribution: The request for 12 PBV units leverages a total of 64 affordable units within a mixed-income Subdivision that includes 138 homes.

Goals and Policies: The project is consistent with the goals of the PBV program by developing new affordable housing and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

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Caritas Homes, Phase I

Project Description: Caritas Homes, Phase I, is an element of the larger Caritas Village redevelopment project in downtown Santa Rosa. The project will consist of the Caritas Center, a homeless shelter and services center located at the south end of the project at Sixth Street between Morgan and Seventh Streets; Caritas Homes, Phase I located at the northwest corner of the project at 7th and Morgan Streets and Caritas Homes, Phase II located at the northeast corner of the project. Caritas Homes, Phase I consists of new construction of a single two- to four-story building with 31 studios, 22 one-bedroom and 11 two-bedroom rental apartment homes. Caritas Homes, Phase I will provide 30 units supported by the State of California No Place Like Home (NPLH) program for persons experiencing chronic homelessness and affordable at 20% of AMI. Fifteen units in the first phase will be affordable to households at 50% of AMI and 18 units will be affordable at 60% of AMI.

The project is located 0.25 miles from the SMART Train station and 0.3 miles from the 2nd Street Transit Mall.

Recommendation for Project: The Department of Housing and Community Services recommends that Caritas Homes receive a commitment of 30 PBVs for the following reasons:

- The project includes 30 units targeted to persons experiencing chronic homelessness and those units will be affordable to 20% of AMI.
- The project includes additional 15 units affordable at 50% and 18 units affordable at 60% of AMI.
- The project will provide supportive services to eligible populations.
- The project will compete for 9% Disaster Recovery Tax Credits due on July 1, 2020. The addition of PBVs makes the project more competitive for the 9% Tax Credit round.

Project-Based Voucher Leveraging and Distribution: The request for 30 PBV units leverages a total of 64 affordable units in the first phase, including 30 deeply affordable units for the chronically homeless (affordable at 20% of AMI).

Goals and Policies: The project is consistent with the goals of the PBV program by developing new affordable housing, providing housing for people with special needs and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

PROJECTS NOT RECOMMENDED FOR PROJECT BASED VOUCHERS

The projects that are not recommended for Project Based Vouchers under this RFP are those which do not intend to apply for Disaster Recovery Tax Credits or other competitive funding with a July 1, 2020 deadline. These projects will be eligible to apply for PBVs under future funding availability notices or RFPs.

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PRIOR HOUSING AUTHORITY REVIEW

None.

FISCAL IMPACT

The City of Santa Rosa Housing Authority has an existing Project-Based Voucher program with 135 operational units and 110 vouchers committed to future projects, representing a total of 13.0% of the Housing Choice Voucher program budget authority. The addition of 50 vouchers across the three proposed projects will increase PBV percentage of the total budget authority to 15.5%.

Initial contract rents for the PBV units at all properties are expected to be set at the payment standard in place at the time of occupancy, subject to rent reasonableness determination.

ENVIRONMENTAL IMPACT

DeTurk Winery Village. The project will be subject to completion of environmental review pursuant to the National Environmental Policy Act (NEPA) for use of the PBV 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 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.

Burbank Avenue Apartments. The project will be subject to the completion of an environmental review pursuant to NEPA for the use of PBV funds. The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA). The project is statutorily exempt from CEQA pursuant to Government Code Section 65457 and CEQA Guidelines Section 15182(a)(c) in that the project would develop a residential land use that is undertaken to implement, and is consistent with, the Roseland Area/Sebastopol Road Specific Plan. The EIR prepared for the Specific Plan was certified by the City Council in 2016 and no events subsequent to certification have required a supplemental EIR pursuant to Public Resources Code section 21166.

Caritas Homes. The project will be subject to completion of environmental review pursuant to NEPA (currently underway) for use of the PBV funds. The project has been reviewed in compliance with the California Environmental Quality Act (CEQA) in that an Environmental Impact Report was prepared and subsequently certified by the City Council in March 2020.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable

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NOTIFICATION

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

ATTACHMENTS

- Attachment 1 – Request for Proposals
- Attachment 2 – DeTurk Winery Village Proposal (Streamlined)
- Attachment 3 – Burbank Avenue Apartments Proposal (Streamlined)
- Attachment 4 – Caritas Homes Proposal (Streamlined)
- Resolution DeTurk Winery Village
- Resolution Burbank Avenue Apartments
- Resolution Caritas Homes

CONTACT

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