

HOUSING PROJECT DESCRIPTION

Overview and Description of Proposed Housing

The proposed project will redevelop a portion of the 13.3-acre site that previously contained the Journey's End Mobile Home Park, which was destroyed by the October 2017 Tubbs wildfire. Known as 3575 Mendocino Avenue, the proposed project will redevelop the site with up to 532 units comprised of a market rate component and a senior affordable component. The affordable component will include 162 units, developed in three phases, on a 2.5-acre parcel that has been earmarked for affordable housing within the larger master plan. Phase one of the project will include 94 of the 162 affordable senior units on a 1.42 acre portion of the 2.5 acre affordable parcel. The remaining 68 affordable senior units will be developed at a later date, in two subsequent phases; bringing the total number of units to 162. The development will offer affordable housing opportunities to prior Journey's End Mobile Home Park residents displaced by the wildfires and other extremely-low, very-low, and low income seniors. Phase one of the affordable senior development will include 90 one-bedroom units and 4 two-bedroom units (including one manager's unit). The one-bedroom units will range in size from approximately 480 to 550 square feet; two-bedroom units will range in size from approximately 750 to 800 square feet. The units will be targeted to seniors with household incomes between approximately 30-60% of the Sonoma County area median income (AMI). As the initial phase of the overall development, this building will house community facilities as well as management offices which will be sized to provide support for all phases of the development.

The Master Plan

This affordable senior development is part of a larger master plan for the overall 13.3-acre infill site, which is planned for redevelopment with up to 532 units of market rate and affordable high-density housing, resulting in a density of up to 40 dwelling units per acre. This property is located within a Priority Development Area within the City of Santa Rosa. The master plan includes a new street, directly in front of the senior housing development, which extends from a new intersection on Mendocino Boulevard as well as public water, sewer and storm drain improvements necessary to serve the master plan. A new transit stop with bus shelter will be constructed on Mendocino Avenue, directly in front of the senior housing development, providing easy and convenient transit use. The Master Plan also includes 1.0 acre of public open space, including a large active park area which is located directly cross across the street from the senior housing. A crosswalk provides easy and safe connection to the open space from the senior building(s).

Project Status

Based upon the November 18, 2020 approved TCAC regulations, Phase I of 3575 Mendocino Avenue is the first project on the waitlist for the \$7,797,745 of FCAA disaster credits planned for allocation by TCAC. Based upon this ranking, it is anticipated the project will receive its requested

allocation of \$4,007,771 annual credit in the beginning of 2021. This allocation of FCAA credits will require a construction loan closing and construction start by September 2021.

The project received unanimous approval from the Santa Rosa Planning Commission on November 12, 2020 (see attached resolutions). The project will be heard by the Santa Rosa City Council on December 8, 2020; immediately following approval City staff will file the Notice of Determination for the project.

Project Entities and Tax Credit Ownership Structure

BRJE Phase I Housing Partners, L.P., a partnership between Burbank Housing and Related California, will execute the loan documents for the funds requested in this application. In this partnership, Burbank Housing serves as Managing General Partner and Related California serves as Administrative General Partner.

Amenities and Services

The building program supports a variety of amenities including a large indoor community space for residents, a media room for watching movies or holding talks for smaller groups, an exercise room to encourage physical fitness, a computer room/library reading area, a central laundry room, as well as bike rooms, manager's offices, and mail room. The amenities would be centrally located around the lobby area which offers seating and an information kiosk/wall monitor which will display community schedules and events as well as information on transit schedules to encourage and make transit use more convenient. The entry lobby, community room and laundry and other spaces look out on, and connect directly to, courtyards and community gardens. The project will be supported with services and a Resident Services Coordinator. The Sonoma County Area Agency on Aging and Sonoma County Family YMCA have both committed to providing on-site services for residents.

Courtyards

The affordable senior building has a small entry court which extends the lobby space to the new public street. The lobby is connected by a circulation spine to the rear parking area, making the lobby an active community area with seating, mail services and management space. The community room is connected to a courtyard which faces the street and is enclosed by a low wall and trellis which allows for glimpses into the active courtyard while also provides privacy.

The multiple courtyards include large paving areas for gatherings as well as additional gardening opportunities and offer a different solar orientation so that residents can move from courtyard to courtyard during the warmer or cooler times of the day.

The courtyards will also have resident gardens, in the form of raised planters, for accessibility and ease of use by the senior residents. The courtyards are interconnected by outdoor walkways which

allow residents to walk throughout the senior community, talk with neighbors and fellow gardeners, or as they are walking their dogs through the complex. This design connects each open space of the larger senior community while also providing opportunities for convenient and pleasant exercise for its residents as part of the project's healthy community principles.

Building Design

The building is primarily four (4) stories with entries stepping down to 2 and 3 stories and finished with unique materials and colors. The building design is a vocabulary of simple forms, a strong base material/color and articulated bays give rhythm to the façade. The top story of the buildings change from a primarily stucco body to board siding with a change in color providing a visual top to the buildings. The entry lobby is accessed under a timber arcade. The lobby entry façades have a panelized phenolic panel with a warm wood color which is reinforced by use of window shading throughout the buildings. The windows are grouped to reinforce the façade articulation using corner and bay windows. The windows have a combination of metal and treated wood stained sunshades to add warmth to the color palette and visual interest. Colors are a balance of earth tones with stronger accents at the entries. The strong parapet caps provide a top to the façades. The parapet walls hide the flat roofs and mechanical equipment and provide the maximum roof space for solar panels.

The building layout includes the central gallery "spine" and lobby entrance area, which includes seating and the elevators and has immediate access to most community spaces, as well as management and service offices, which look out to the entry lobby and courtyard spaces for informal surveillance. There is also a ceremonial stair to the second floor which encourages residents who are able, to use stairs when they desire for exercise, while the elevators are for convenience or as needed. The units are down wide hallways and are "stacked" for cost and construction efficiency.

Accessibility

The entire building and site area will be accessible for the residents. The site is very flat and should not create difficulty due to topography. Ramps will be minimized for ease of circulation, and seating is placed throughout the site so that residents on a walk have locations to sit if they tire. The building entries and primary use areas such as community rooms, laundry, and trash chute vestibule will have automatic doors for ease of use. The hallways will have a railing on at least one side to assist those who would like a bit of additional balance or are in need of additional support. The community rooms and all aspects of the facility will be designed for accessibility by code and by design for ease of use. All units will be accessible by the two elevators and built out for accessibility including all unit baths with guardrails for showers and toilets; kitchens will be built-out fully accessible or adaptable as required by code. While the final number of roll-in showers has not yet been determined, a number will be provided on the ground floor for additional

accessibility and ease of use for the residents.

Sustainability & Resilience

This development is learning from the past fire disaster; principles of sustainability and resilience have been incorporated throughout the project design. The approved design has been reviewed by the fire department multiple times for circulation and access. The design has considered materials to minimize fire risk using stucco and cement board siding and a flat roof design which limits opportunities for embers to enter a building. The building will be fully sprinklered. As this area has undergone many power outages, the building is being planned for the use of an emergency generator for partial backup power for elevators, and essential lighting and cooling for the community room to be used as a charging station for the residents. Fire resistant landscape design and materials have also been incorporated into the project design.

The flat roofs provide maximum area for possible solar panels to provide energy offsets for common loads for the building. The development team is evaluating an all-electric building as well as energy efficient solar hot water pre-heating systems. Sunshades will reduce energy loads and well-insulated tight envelopes will assure energy efficiency, while LED fixtures will reduce energy needs.

The interior spaces will be conditioned and provide tempered ventilation to all spaces. This ventilation will include MERV 13 filters which assure indoor air quality. Flooring materials will reduce dust collection and installation with no or low VOC adhesives will support further indoor air quality, as will low VOC casework. These systems and materials selections are in both community spaces and units. The landscape design includes LID facilities for stormwater management as well as indigenous/local plant selection for low water use while considering fire resistance and fire department access as well. The courtyards provide opportunities for these LID elements which collect roof drains and treat the water prior to it being piped to the adjacent drainage. Street trees and courtyard trees will provide shade and a walkway will allow residents to walk throughout the complex to meet neighbors as well as exercise, as part of the healthy community design.

Summary

The affordable, sustainable and resilient building and site design will provide the residents with an affordable, quality, safe, and sustainable living environment which will allow some to continue to rebuild their lives following the wildfires and, together with others, to thrive in their new homes and community.

CTCAC 9% TIE BREAKER SCORE - NA

3575 Mendocino Avenue Phase I applied for 9% FCAA disaster credits in June of 2020. Although not awarded, following allocations made at the October 14th TCAC meeting, \$7,797,745 of 9% FCAA disaster credits remain available to be allocated to waitlisted projects. At the November 18th TCAC meeting, the committee adopted regulations to award the remaining allocation based on the waitlist order. 3575 Mendocino currently stands first on the waitlist for this remaining allocation. With an allocation request of \$4,007,771 there is sufficient remaining allocation to award 3575 Mendocino. Based on these adopted regulations and the first place position on the waitlist with a request less than the available allocation, it is extremely likely the committee will award an allocation to 3575 Mendocino in early 2021. Please see Tab C5 for the credit estimates from TCAC, the awarded project list from the October meeting, and the waitlist, showing 3575 Mendocino as the first project in line.

2020 FCAA Credit Waiting List TCAC
Regulation §10325(d)(1)
November 18, 2020

Project Number	Project Name	City	Housing Type	Federal Credit Requested	FCAA Disaster Area Fire Perimeter	Point Score	Letter of Support	Tie Breaker Score
SONOMA COUNTY								
CA-20-184	3575 Mendocino Avenue	Santa Rosa	Seniors	\$4,007,771	Yes	81	Yes	\$42,636
CA-20-120	Redwood Glen Apartments	Windsor	Seniors	\$1,825,110	No	81	Yes	\$36,502
CA-20-205	Dutton Place	Santa Rosa	Large Family	\$3,931,906	No	81*	Yes	\$36,747
CA-20-177	DeTurk Winery Village	Santa Rosa	Large Family	\$5,000,000	No	81*	Yes	\$36,765
CA-20-090	Terracina at Rohnert Park	Rohnert Park	Large Family	\$3,118,171	No	81*	Yes	\$42,715
CA-20-087	Cotati Station Apartments	Cotati	Large Family	\$3,709,096	No	81*	Yes	\$50,123
CA-20-163	Mahonia Glen	Santa Rosa	Large Family	\$5,000,000	No	81*	Yes	\$50,505
CA-20-203	Burbank Avenue Apartments	Santa Rosa	Large Family	\$3,356,165	No	81*	Yes	\$52,440
CA-20-112	414 Petaluma	Petaluma	Large Family	\$2,405,963	No	81*	Yes	\$57,285
CA-20-181	North Quarry Apartments	Petaluma	Large Family	\$2,336,335	No	81*	Yes	\$46,727
CA-20-175	BHDC Comstock Apartments	Healdsburg	Large Family	\$1,736,108	No	81*	Yes	\$48,225
CA-20-126	Woodmark Apartments	Sebastopol	Large Family	\$3,042,327	No	81*	No	\$37,560
CA-20-188	Meridian at Corona Station	Petaluma	Large Family	\$4,999,995	No	81*	No	\$43,103
CA-20-189	Ponderosa Village	Santa Rosa	Large Family	\$4,976,950	No	71*	No	\$45,245
*Point scoring has not been completed.								
NOTE: The order of projects listed above is the order for potential reservations starting with the highest ranking project.								
1. These projects may not have been reviewed for completeness or threshold regulatory requirements, and may not have been reviewed for scoring. 2. The ranking order is subject to change as TCAC staff completes the review process. 3. Credit will not be reserved if there are insufficient tax credits to fully fund the next ranked application.								
NOTE: The waiting list expires on December 31, 2021.								

PROJECT BENEFITS

3575 Mendocino Avenue will provide a number of benefits to Santa Rosa and the surrounding community. Beyond the project's objective to rebuild a site tragically destroyed in the 2017 Tubbs fire, the project's objectives also include creating mixed income housing strategically located near existing transit options and nearby amenities. The project will create much-needed affordable housing supply for seniors in a significantly supply-constrained market. Specifically, the project will increase the Santa Rosa's post-fire housing stock to help address the loss of approximately 3,000 homes as a result of the 2017 wildfires. Particular effort has been made in engaging with former residents of the Journey's End Mobile Home Park to provide this population with active opportunities to find replacement housing at the 3575 Mendocino Avenue project once completed. At the time of this application, approximately more than 30 prior residents have reached out to Burbank Housing to be placed on the waiting list for the new affordable units.

The Project site is completely surrounded by urban development and located in close proximity to services and major employers, including healthcare and medical services. Kaiser Permanente Santa Rosa Medical Center and Medical Offices is located directly south of the Project site. A major grocery store/supermarket is located within approximately 0.6 miles of the Project site. The 33.2 acre Nagasawa Park is located within approximately 1 mile of the Project site. Commercial services and restaurants are located within approximately 0.7 miles of the Project site in the Santa Rosa Northside Plaza Shopping Center. The Project site is served by several local and regional public transportation services including Santa Rosa CityBus, SMART, Sonoma County Transit and Paratransit, allowing residents to take advantage of public transit thereby reducing carbon emissions associated with single passenger automobile travel.

PROJECT CONSTRAINTS AND/OR ISSUES - NA

The Project does not have any constraints or issues to disclose.

SUMMARY OF FINANCING STATUS

The project will be financed using a combination of private construction and permanent debt, 9% FCAA Disaster Relief Tax Credits, Project Based Section 8 Vouchers, and Community Development Block Grant Disaster Relief Funds. Please see below for additional details on the underwriting assumptions for each source.

Financing Commitments and Timeline

The project is expected to receive 9% FCAA (Disaster Area) Credits from the California Tax Credit Allocation Committee (TCAC) Committee in Early 2021. Following allocations made at the October 14th TCAC meeting, \$7,797,745 remains available to be allocated to waitlisted projects. At the November 18th TCAC meeting, the committee adopted regulations to award the remaining allocation based on the waitlist order. 3575 Mendocino currently stands first on the waitlist for this remaining allocation. With an allocation request of \$4,007,771 there is sufficient remaining allocation to award 3575 Mendocino. Based on these adopted regulations and the first place position on the waitlist with a request less than the available allocation, it is extremely likely the committee will award an allocation to 3575 Mendocino in early 2021. We have attached the credit estimates from TCAC, the awarded project list from the October meeting, and the waitlist, showing 3575 Mendocino as the first project in line.

With an allocation of FCAA credits expected in early 2021, the only remaining uncommitted sources needed to begin construction are the CDBG-DR funds and Project Based Vouchers requested in this application. With these awards, the project is ready to begin construction in September. In addition, the project applied for \$1.5MM from the Sonoma County Housing Fund. If awarded, the project would be able to carry over some of the CDBG-DR funds to Phase II of this project, helping to leverage additional state funds and fund Phase II.

Source Summary

I. Construction Financing

<u>Bank Construction Loan</u>	\$38,594,798
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The applicant has received a commitment for a conventional construction loan in the amount shown above from U.S. Bank. The term is projected to be 27 months, and the interest rate is 30-Day LIBOR with a floor of 1.25% plus a spread of 1.75%. The 3.25% interest rate assumed in the application assumes 0.25% underwriting cushion. The loan will be repaid from syndication proceeds and perm loan debt.

<u>Community Development Block Grant- Disaster Relief</u>	\$11,917,110
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The project has sized the request for CBDG-DR funds to bridge the remaining funding gap to allow the project to begin construction within the year. The CDBG-DR loan will carry a 55 year term with interest accrued at 3% annually.

<u>Accrued Deferred Interest- CDBG-DR</u>	\$488,750
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Costs Deferred Until Conversion \$2,043,901
Committed

A number of costs will be deferred until permanent close, including reserves, TCAC monitoring fees, a portion of the developer fee, and permanent closing expenses. The total estimate of costs deferred is shown above.

Net Syndication Proceeds \$3,606,633

The project is expected to receive net equity pay-ins from the investor limited partner during construction in the amount shown above.

TOTAL CONSTRUCTION PERIOD FINANCING **\$56,651,192**

II. Permanent Financing

Bank Permanent Loan \$5,211,000

The Applicant has received a commitment for permanent financing from US Bank. The permanent loan shown above will be serviced from net operating income based on TCAC rents shown in this TCAC application. The interest rate of 4.4% included in the application is based on US Bank's current CIP rate plus a spread of 1.75%. The loan term is 17 years with a 30-year amortization with a starting DCR of 1.2.

Bank Permanent Loan- Tranche B \$2,968,000

The Project Based Section 8 Vouchers requested in this application will allow the project to leverage an additional \$2,968,000 in private debt on the income from the vouchers. This debt leverage from the vouchers allows the project to lower the CDBG-DR request to \$11.9MM.

Community Development Block Grant- Disaster Relief \$11,917,110

The project has sized the request for CDBG-DR funds to bridge the remaining funding gap to allow the project to begin construction within the year. The CDBG-DR loan will carry a 55 year term with interest accrued at 3% annually.

Accrued Deferred Interest- CDBG-DR \$488,750

Net Syndication Proceeds \$36,066,332

The project is expected to receive total net equity pay-ins from the investor limited partner for the LIHTC in the amount shown above.

TOTAL PERMANENT FINANCING **\$56,651,192**

CTCAC ALLOCATION PROCESS FOR SET ASIDES AND GEOGRAPHIC REGIONS
Estimated as of February 1, 2020 and Updated on July 15, 2020

Step 1 - Calculate Total Federal Credit Ceiling (1)

	<i>Per Capita</i>	<i>Population*</i>	
New Population Based Credits	\$2.81250	39,512,223	\$111,128,127
Forward Committed 2020 Credit			(\$467,147)
Available Returned Credit/Surplus Credits			\$0
Total Federal Credit Ceiling			\$110,660,980

Step 2 - Determine Set Asides (2)

Set Asides	%	Credits			
		Annual Set Aside Amount	Round 1 Set Aside Amount	Awarded From Round 1	Round 2 Set Aside Amount
Nonprofit	10%	\$11,066,098	\$5,533,049	\$7,754,746	\$3,311,352
Rural	20%	\$22,132,196	\$11,066,098	\$11,394,249	\$10,737,947
<i>RHS and HOME Apportionment</i>	14%	\$3,098,507	\$1,549,254	\$2,543,242	\$1,503,313
<i>Native American Pilot Apportionment</i>		\$1,000,000	\$1,000,000	\$2,480,956	\$0
<i>Other</i>		\$18,033,689	\$8,516,844	\$6,370,051	\$9,234,634
Second Supplemental Set Aside		\$2,000,000	\$0	\$0	\$2,000,000
At-Risk	5%	\$5,433,049	\$2,716,525	\$3,152,878	\$2,280,171
Special Needs	4%	\$4,346,439	\$2,173,220	\$2,290,939	\$2,055,500
Supplemental Set Aside**	3%	\$3,259,829	\$0	\$0	\$3,259,829
Total Set Asides		\$48,237,611	\$21,488,892	\$24,592,812	\$23,644,799

Step 3 - Determine Geographic Apportionments (3)

	Federal Annual	State Total
Total Credit Ceiling	\$110,660,980	\$101,753,553
<i>Less Set-Asides (not including Returned Credits)</i>	<i>(\$48,237,611)</i>	
<i>Less State Credits for 4% Competitive Projects</i>		<i>(\$15,409,634)</i>
<i>Remaining Balance</i>	\$62,423,369	\$86,343,919
<i>State Credit Adjuster</i>		80%
Credit Ceiling Balance to Geographic Regions	\$62,423,369	\$69,075,135

Apportionments by Region	%	Annual		Annual Adjusted Credit (a)	Available Credit for Round 1	Credit Awarded From Round 1	Estimated Adjusted Credit for Round 2 (b)
		Federal Credit	Total State Credit				
City of Los Angeles	17.6%	\$10,986,513	\$12,157,224	\$12,202,235	\$6,066,495	\$6,197,749	\$5,969,864
Balance of Los Angeles County	17.2%	\$10,736,819	\$11,880,923	\$11,924,911	\$3,874,308	\$4,163,096	\$5,673,668
Central Valley Region	8.6%	\$5,368,410	\$5,940,462	\$5,962,456	\$1,969,069	\$1,896,394	\$3,053,903
San Diego County	8.6%	\$5,368,410	\$5,940,462	\$5,962,456	\$1,354,959	\$1,433,487	\$2,902,700
Inland Empire Region	8.3%	\$5,181,140	\$5,733,236	\$5,754,464	\$2,734,470	\$3,205,899	\$2,405,803
East Bay Region	7.4%	\$4,619,329	\$5,111,560	\$5,130,485	\$273,825	\$0	\$2,839,068
Orange County	7.3%	\$4,556,906	\$5,042,485	\$5,061,155	\$2,044,719	\$2,457,721	\$2,117,576
South and West Bay Region	6.0%	\$3,745,402	\$4,144,508	\$4,159,853	\$5,533,577	\$5,738,792	\$1,874,712
Capital Region	5.7%	\$3,558,132	\$3,937,283	\$3,951,860	\$0	\$0	\$1,958,934 ***
Central Coast Region	5.2%	\$3,246,015	\$3,591,907	\$3,605,206	\$2,994,597	\$1,794,127	\$3,003,073
Northern Region	4.4%	\$2,746,628	\$3,039,306	\$3,050,559	\$399,571	\$0	\$1,924,851
San Francisco County	3.7%	\$2,309,665	\$2,555,780	\$2,565,243	\$2,750,238	\$0	\$4,032,860
	100%	\$62,423,369	\$69,075,136	\$69,330,883		\$26,887,265	\$37,757,012

Note: All numbers in *(italics bracketed with parens)* are negative numbers.

* Population Figure released in IRS Notice 2020-10 on March 2, 2020.

** Supplemental Set-Aside does not reflect federal credits returned after February 1, 2020.

*** The remaining deficit from the 2019 Waiting List Award was accounted for in the Round 2 amount in the Capital Region.

(a) The Adjusted Credit amounts are calculated as follows: (Annual Federal Credit x 10 + Total State Credit)/10.

(b) Estimated Adjusted Credit totals were calculated as follows: (the adjusted annual credit x 50%) + surplus or deficit from Round 1

(1) "Credit Ceiling is defined in TCAC Regulation Section 10302(j) to include all elements shown below, following Ceiling definition in IRS Code Section 42.

(2) Health and Safety Code part 50199.2 establishes Rural Set Aside at "...20 percent of the federal ceiling." TCAC Regulations Section 10315 also defines Set-Asides with reference to a given percentage of the "Federal Credit Ceiling".

(3) Similar language applies to Geographic Apportionments in TCAC Regulations Section 10315(h)-(i).

**CTCAC ALLOCATION PROCESS FOR FEDERAL CREDIT ESTABLISHED BY
THE FURTHER CONSOLIDATED APPROPRIATIONS ACT, 2020 ("FCAA CREDITS" or "DISASTER CREDITS")
Updated on July 15, 2020**

Allocations By County	Based Annual Federal Credit	Percentage of Lost Units	Available Annual Federal Credit
Butte County	\$2,500,000	58.62%	\$40,087,453
Sonoma County	\$2,500,000	21.62%	\$16,365,940
Los Angeles County	\$2,500,000	4.88%	\$5,630,499
Shasta County	\$2,500,000	4.56%	\$5,421,263
Ventura County	\$2,500,000	3.86%	\$4,975,965
Napa County	\$2,500,000	2.51%	\$4,109,511
Mendocino County	\$2,500,000	1.31%	\$3,342,311
Lake County	\$2,500,000	1.18%	\$3,259,153
Yuba County	\$2,500,000	0.60%	\$2,886,283
San Diego County	\$2,500,000	0.49%	\$2,816,537
Santa Barbara County	\$2,500,000	0.13%	\$2,583,158
Nevada County	\$2,500,000	0.13%	\$2,580,476
Orange County	\$2,500,000	0.10%	\$2,561,698
Supplemental			\$2,000,000
		100.00%	\$98,620,247

CALCULATION OF STATE TAX CREDIT CEILING AND HOUSING TYPE GOALS

Step 4 - Calculate State Credit Ceiling

Statutory Base State Credit Number	\$70,000,000
Plus State Credit CPI Adjustment	\$32,730,896
2020 Calculated State Tax Credits Available	\$102,730,896
Less Advance Allocations in Prior Year	(\$977,343)
Plus Returned Credits	\$0
Total State Tax Credit Available for 2020	\$101,753,553

Step 5 - Calculate Bond Financed Project Set Aside

	<u>Set Aside Percentage</u>	<u>Set Aside Amount</u>	<u>Credit Awarded From Round 1</u>	<u>Round 2 Set Aside Amount</u>
Bond Financed Projects	15%	\$15,409,634	\$3,801,934	\$11,607,700
Other (9%) Projects	Balance of Total	\$86,343,919		
Total		\$101,753,553		

Step 6 - Calculate Housing Type Goals, Federal & State Tax Credits

Total Federal Tax Credit Ceiling (Annual Amount Multiplied By Ten)	\$1,106,609,800
State Credit Ceiling After Set Aside for Bond Projects	\$86,343,919
State Credit Ceiling After Set Aside for Bond Projects with 80% Adjustment	\$69,075,135
Total Stated As Annual	\$117,568,494

Total Awarded in Round 1	\$54,717,152
Total Available in Round 2	\$62,851,342

Housing Type Goals	<u>Type</u>	<u>Percentage</u>	<u>Annual</u>	<u>Round 1</u>	<u>Round 2</u>
	Large Family	65%	\$76,419,521	\$38,209,761	\$40,853,372
	Large Family New Construction ¹	30%	\$35,270,548	\$17,635,274	\$18,855,402
	Special Needs	30%	\$35,270,548	\$17,635,274	\$18,855,402
	At-Risk	15%	\$17,635,274	\$8,817,637	\$9,427,701
	Seniors	15%	\$17,635,274	\$8,817,637	\$9,427,701

Total Federal Tax Credit Available in <u>Rural Set Aside</u> (Stated As Annual)	\$22,132,196
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Total Awarded in Round 1	\$11,394,249
Total Available in Round 2	\$10,737,947

Housing Type Goals in <u>Rural Set Aside</u>	<u>Type</u>	<u>Percentage</u>	<u>Annual</u>	<u>Round 1</u>	<u>Round 2</u>
	Acquisition and/or Rehabilitation	30%	\$6,639,659	\$3,319,830	\$3,221,384
	Large Family New Construction ¹	30%	\$6,639,659	\$3,319,830	\$3,221,384
	Seniors	15%	\$3,319,829	\$1,659,915	\$1,610,692

¹Large Family New Construction receiving the tiebreaker increase for being located a Highest or High Resource Area as designated on the TCAC/HCD Opportunity Area Map (TCAC Regulations Section 10315(h))

STATE FARMWORKER TAX CREDITS

Total State Farmworker Tax Credits Available in 2019:	\$618,588
Less State Farmworker Tax Credits Awarded in 2019:	\$0
Plus Annual Allocation Amount:	\$500,000
Plus Returned State Farmworker Tax Credits:	\$2,570,475
Total State Farmworker Tax Credits Available in 2020:	\$3,689,063

2020 Proposed FCAA Credit Waiting List
Proposed TCAC Regulation §10325(d)(1)
November 18, 2020

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CA-20-087	Cotati Station Apartments	Cotati	Large Family	\$3,709,096	No	81*	Yes	\$50,123
CA-20-163	Mahonia Glen	Santa Rosa	Large Family	\$5,000,000	No	81*	Yes	\$50,505
CA-20-203	Burbank Avenue Apartments	Santa Rosa	Large Family	\$3,356,165	No	81*	Yes	\$52,440
CA-20-112	414 Petaluma	Petaluma	Large Family	\$2,405,963	No	81*	Yes	\$57,285
CA-20-181	North Quarry Apartments	Petaluma	Large Family	\$2,336,335	No	81*	Yes	\$46,727
CA-20-175	BHDC Comstock Apartments	Healdsburg	Large Family	\$1,736,108	No	81*	Yes	\$48,225
CA-20-126	Woodmark Apartments	Sebastopol	Large Family	\$3,042,327	No	81*	No	\$37,560
CA-20-188	Meridian at Corona Station	Petaluma	Large Family	\$4,999,995	No	81*	No	\$43,103
CA-20-189	Ponderosa Village	Santa Rosa	Large Family	\$4,976,950	No	71*	No	\$45,245
*Point scoring has not been completed.								
NOTE: The order of projects listed above is the order for potential reservations starting with the highest ranking project.								
1. These projects may not have been reviewed for completeness or threshold regulatory requirements, and may not have been reviewed for scoring. 2. The ranking order is subject to change as TCAC staff completes the review process. 3. Credit will not be reserved if there are insufficient tax credits to fully fund the next ranked application.								
NOTE: The waiting list expires on December 31, 2021.								

2020 Second Round Final Approved Recommendations for FCAA (Disaster Area) Credits
 October 14, 2020

Funding Order	Point Score	Letter of Support	Tie Breaker Score	Project Number	Project Name	City	Housing Type	Federal Credits
<u>BUTTE COUNTY</u>					Credit Available \$40,087,453			
1	81	Yes	\$30,864	CA-20-132	Senator Conness Apartments	Chico	Large Family	\$5,000,000
13	81	Yes	\$32,000	CA-20-075	Sierra Heights Phase II	Oroville	Seniors	\$1,536,000
17	81	Yes	\$32,040	CA-20-079	Oroville Heights Apartments	Oroville	Large Family	\$2,114,640
19	81	Yes	\$32,051	CA-20-192	Deer Creek Apartments	Chico	Large Family	\$5,000,000
21	81	Yes	\$33,748	CA-20-071	Creekside Place	Chico	Seniors	\$3,408,514
23	81	Yes	\$34,728	CA-20-102	Olive Ranch Apartments Phase I	Oroville	Large Family	\$2,812,960
25	81	Yes	\$34,784	CA-20-103	Olive Ranch Apartments Phase II	Oroville	Large Family	\$2,782,710
26	81	Yes	\$34,856	CA-20-104	Bruce Village Commons	Chico	Seniors	\$2,091,382
27	81	Yes	\$36,985	CA-20-138	Lava Ridge Apartments	Chico	Large Family	\$3,624,555
28	81	Yes	\$37,290	CA-20-198	Mitchell Avenue Senior Apartments	Oroville	Seniors	\$1,342,432
29	81	Yes	\$39,773	CA-20-199	Riverbend Family Apartments	Oroville	Large Family	\$2,863,653
30	81	Yes	\$45,159	CA-20-109	1297 Park Avenue	Chico	Special Needs	\$2,664,386
31	81	Yes	\$45,817	CA-20-196	Ford Oaks Apartments	Gridley	Large Family	\$1,649,402
32	81	Yes	\$47,166	CA-20-139	North Creek Crossings at Meriam Park	Chico	Large Family	\$4,999,628
								<u>\$41,890,262</u>
<u>SONOMA COUNTY</u>					Credit Available \$16,365,940			
2	81	Yes	\$29,407	CA-20-121	Siesta Senior Apartments	Sonoma - Unincorporated	Seniors	\$2,705,460
14	81	Yes	\$32,183	CA-20-122	Acme Family Apartments	Santa Rosa	Large Family	\$2,478,098
18	81	Yes	\$33,200	CA-20-119	Stony Point Flats	Santa Rosa	Large Family	\$1,660,000
20	81	Yes	\$34,709	CA-20-167	Redwood Views	Windsor	Large Family	\$1,804,867
22	81	Yes	\$35,211	CA-20-136	Stony Oaks Apartments	Santa Rosa	Large Family	\$5,000,000
24	81	Yes	\$35,990	CA-20-173	Caritas Homes phase 1	Santa Rosa	Special Needs	\$2,303,382
								<u>\$15,951,807</u>

2020 Second Round Final Approved Recommendations for FCAA (Disaster Area) Credits
 October 14, 2020

Funding Order	Point Score	Letter of Support	Tie Breaker Score	Project Number	Project Name	City	Housing Type	Federal Credits
<u>LOS ANGELES COUNTY</u>					Credit Available \$5,630,499			
3	81	Yes	\$24,097	CA-20-162	West Mission Apartments	Pomona	Large Family	\$1,373,503
15	81	Yes	\$27,963	CA-20-140	Palmdale Terrace Apartments	Palmdale	Large Family	\$4,222,339
								<u>\$5,595,842</u>
<u>SHASTA COUNTY</u>					Credit Available \$5,421,263			
4	81	Yes	\$31,049	CA-20-105	Kennett Court Apartments Phase II	Redding	Large Family	\$1,490,355
16	81	Yes	\$32,351	CA-20-107	Kennett Court Senior Apartments	Redding	Seniors	\$1,294,056
								<u>\$2,784,411</u>
<u>VENTURA COUNTY</u>					Credit Available \$4,975,965			
5	81	Yes	\$40,513	CA-20-147	Ventura Veterans Home	San Buenaventura	Special Needs	\$4,942,529
								<u>\$4,942,529</u>
<u>NAPA COUNTY</u>					Credit Available \$4,109,511			
6	81	Yes	\$23,177	CA-20-127	Lemos Pointe at Watson Ranch	American Canyon	Large Family	\$4,310,877
								<u>\$4,310,877</u>
<u>MENDOCINO COUNTY</u>					Credit Available \$3,342,311			
7	81	Yes	\$39,769	CA-20-124	Millview Apartments	Ukiah	Large Family	\$1,908,923
								<u>\$1,908,923</u>

2020 Second Round Final Approved Recommendations for FCAA (Disaster Area) Credits
 October 14, 2020

Funding Order	Point Score	Letter of Support	Tie Breaker Score	Project Number	Project Name	City	Housing Type	Federal Credits
<u>LAKE COUNTY</u>					Credit Available \$3,259,153			
8	81	Yes	\$33,507	CA-20-135	Konocti Gardens	Clearlake	Large Family	<u>\$3,417,749</u> \$3,417,749
<u>YUBA COUNTY</u>					Credit Available \$2,886,283			
9	81	Yes	\$28,009	CA-20-194	Cedar Lane Family Apartments	Olivehurst	Large Family	<u>\$3,025,000</u> \$3,025,000
<u>SAN DIEGO COUNTY</u>					Credit Available \$2,816,537			
10	81	Yes	\$16,007	CA-20-186	Alora	San Marcos	Large Family	<u>\$1,600,710</u> \$1,600,710
<u>SANTA BARBARA COUNTY</u>					Credit Available \$2,583,158			
11	81	Yes	\$16,936	CA-20-130	Santa Maria Studios	Santa Maria	Seniors	<u>\$2,709,733</u> \$2,709,733
<u>NEVADA COUNTY*</u>					Credit Available \$2,580,476			
NO APPROVED PROJECTS*								<u>\$0</u> \$0

2020 Second Round Final Approved Recommendations for FCAA (Disaster Area) Credits
 October 14, 2020

Funding Order	Point Score	Letter of Support	Tie Breaker Score	Project Number	Project Name	City	Housing Type	Federal Credits
<u>ORANGE COUNTY</u>					Credit Available \$2,561,698			
12	81	Yes	\$31,217	CA-20-089	The Crossroads at Washington	Santa Ana	Special Needs	<u>\$2,684,659</u> \$2,684,659
								Total Annual Federal Credits \$90,822,502

* Staff may bring a Nevada County recommendation to a subsequent Committee meeting.

SUMMARY AND TIMELINE OF REQUIRED PLANNING ENTITLEMENTS

The development team applied for all required entitlements for the project in February 2020 including a Sustainable Communities Environmental Assessment (SCEA), General Plan Amendment to Transit Village Medium, Rezone to Transit Village Residential, Tentative Map and Design Review. The project was unanimously approved by the Santa Rosa Planning Commission on November 12, 2020. The Santa Rosa City Council will consider the application on December 8, 2020 immediately following Council approval City Staff will file the Notice of Determination for the project. An Environmental Assessment under the National Environmental Policy Act (NEPA) is currently underway and is anticipated to be completed in January 2021.

ENVIRONMENTAL SUMMARY, ENVIRONMENTAL REVIEW STATUS

The development team applied for all required entitlements for the project in February 2020 including a Sustainable Communities Environmental Assessment (SCEA), General Plan Amendment to Transit Village Medium, Rezone to Transit Village Residential, Tentative Map and Design Review. The project was unanimously approved by the Santa Rosa Planning Commission on November 12, 2020. The Santa Rosa City Council will consider the application on December 8, 2020 immediately following Council approval City Staff will file the Notice of Determination for the project. A Environmental Assessment under the National Environmental Policy Act (NEPA) is currently underway and is anticipated to be completed in January 2021.

PLAN FOR DELIVERY AND FUNDING OF SUPPORTIVE SERVICES

3575 Mendocino Avenue Phase I will have dedicated service amenities available to residents, including a services coordinator and dedicated physical spaces for services, including a health and wellness room, multi-purpose activity common rooms, media room, laundry rooms, bike rooms, manager's offices, reception areas with alternative transportation mode kiosk or monitors and community gardens. These dedicated physical spaces will be available upon the placed in service date and will be made available to all residents of the project.

Burbank Housing Management Corporation, the property management affiliate of Burbank Housing, will manage the property and coordinate service delivery to residents. In addition, Burbank Housing Management Corporation will contract with external service providers to augment traditional supportive services to accommodate the specific needs of the senior population that will be housed on-site.

The following organizations have been engaged to provide supportive services to the project's residents:

1. Sonoma County Area Agency on Aging
2. Sonoma County Family YMCA

Attached with this section are letters from both organizations committing to provide services as outlined above.

C. Project Narrative

1. Project Description:

The Project, Caritas Homes, Phase 1, is an element of the larger Caritas Village redevelopment project located in downtown Santa Rosa on property owned by Catholic Charities. The redeveloped city block property will consist of 1) Caritas Center on the south end (sixth Street between Morgan Street and A Street) to replace existing — but inadequate — homeless shelter and services buildings with a new multi-story building; and 2) Caritas Homes, Phase 1, at the northwest corner of the block (7th Street and Morgan Street) and in the final phase; 3) Caritas Homes, Phase 2 at the northeast corner of the block.

The Project consists of new construction of a single 2- to 4-story building with 64 rental apartments, office and services space, platform vehicle parking, covered bicycle parking, laundry and utility spaces. There are 29 studios, 27 one-bedroom, and 8 two-bedroom units in a very dense and attractive urban design (94 units/acre). About half of the units, 30, are dedicated to chronically homeless persons with disabilities. The other half of the units will also be affordable rental homes targeting households at 40% AMI, 50% AMI and 60% AMI. The Project is less than one-third of a mile from both the SMART depot in Railroad Square and the main transit mall on Second Street, so all residents have easy and convenient access to public transportation. Because of the Project's downtown location, residents also have easy pedestrian and bicycle access to a wide variety of amenities and employment options.

Projected funding sources for the \$40M Project include federal 9% Disaster Low Income Housing Tax Credits (awarded), state No Place Like Home (committed), the Sonoma County Community Development Commission (\$1.5M committed), Apple Corporation Affordable Housing Fund (committed), Project Based Voucher (33 awarded) state Transit Oriented Development (request pending). If the pending TOD application is unsuccessful, the Project will potentially apply for one or more of these sources in addition to this City of Santa Rosa CDBG-DR request: State Infill Infrastructure Grant Program funds, state Affordable Housing and Sustainability Communities funds, additional local government funds, developer fee deferral, and private philanthropic funding.

Catholic Charities submitted the land approval packet for Caritas Village to the City of Santa Rosa in late 2018. An Environment Impact Report (EIR) has been completed and certified in March 2020. All land use approvals are fully in place. A construction start is anticipated for August 2021 with completion in December 2022. The awarded 9% tax credits require construction to begin prior to September 1, 2020 or be forfeited.

2. CTCAC 9% Tax Credits Tie Breaker Score

The awarded 9% tax credits are from the FCAA or “disaster” program, not the regular annual program. As such, the regular tie-breaker scheme, heavily dependent on the amount of local government funding, is not used. Instead, the effective tie-breaker is the amount of tax credits

requested per unit. The Project's requested amount of annual tax credits was low enough (\$35,991) to receive an award from the July 2020 FCAA funding round.

3. Project Benefits

Caritas Homes, Phase 1, will provide 30 units supported by the state No Place Like Home (NPLH) program dedicated to chronically homeless households. All 30 of these units will be filled using the County's coordinated intake system that prioritizes the most vulnerable homeless persons for housing placement and all 30 units are affordable at 20% AMI. This deep affordability means that homeless persons with disability income will qualify and can afford the provided housing. Thus, the Project will provide critically needed affordable rental housing to highly vulnerable homeless persons— in particular, those with a serious and persistent psychiatric disability. Extensive and varied support services are offered to these residents by County Behavioral Health, Catholic Charities and Burbank Housing's Resident Services Department.

Additionally, the Project provides new non-homeless dedicated affordable rental housing in three income tiers; 19 at 40% AMI, 2 units at 50% AMI and 12 units at 60% AMI. These units will provide affordable rental housing to low-income households with annual gross incomes ranging from \$31,825 to \$61,400.

The Project is located 0.25 miles from the SMART train station in Railroad Square and 0.3 miles from the 2nd Street Transit Mall, so tenants have easy access to nearby public transportation as well as the ability to enjoy the amenities of central, downtown Santa Rosa. The Project will provide ample covered, secure bicycle parking and an area for bicycle repair and maintenance. Coupled with the proximity to public transportation nodes, these features will encourage walking, bicycle and public transportation use and discourage motor vehicle use.

The Project meets a stated city goal of high-density housing in the central, downtown area. At 94 units per acre, the Project will be one of the highest density projects in the city.

4. Project Constraints and/or Issues

The proposed design concept for Caritas Homes is podium-style construction where a portion of the ground level is vehicle parking with up to three stories of residential construction above the single-story parking podium. The Seventh Street frontage would be largely limited to two stories. The plaza, or mews, between the two residential structures (Phase 1 and Phase 2) would be pedestrian-friendly with shared amenities lining both sides and with landscaping features. The Morgan Street and A Street frontages would similarly be pedestrian-friendly with ground-level units and porches along the majority of their façades. This provides an aesthetically pleasing design for a pedestrian-friendly frontage. Adjacent to the community room, there would be additional open space in the form of landscaped courtyards on the second floor on top of the garage.

While attractive and functional, constructing this design will be costlier than more suburban-type designs relying on surface parking. This relatively high cost from the inherent design is exacerbated by the price increase associated with the payment of prevailing wages.

Timeliness regulations associated with our tax credit award from the July FCAA funding round require that all building permits be in place and construction started by September 1, 2021. We are confident that there is ample time to acquire the building permits as construction drawings are nearly complete at the time of this submittal. Being able to initiate construction by September 1, 2021 is, therefore, dependent upon having 100% of the permanent funding in place.

5. Summary of Financing Status

Financial Strategy: When the No Place Like Home (NPLH) funding application was submitted in January 2019, the funding assumptions included 4% tax credits and no PBV's. At that time, the 4% tax credit program was still non-competitive in that the underlying tax-exempt bonds were available, essentially, over-the-counter. In late 2019, that status changed and tax-exempt bond allocations are now competitive, which means that the 4% tax credit program is also competitive. Additionally, in early 2019, there was no disaster 9% tax credit program for California or any real indication that one would be forthcoming. However, the 2020 federal government fiscal year budget included \$100M in annual 9% tax credits (a \$1B resource since tax credits are allocated for 10 years) solely for California communities impacted by 2017 and 2018 natural disasters, primarily fires. Sonoma County is the second most impacted county only behind Butte County.

Because of these material changes in tax credit finance possibilities, Burbank Housing pursued these specially allocated "disaster" tax credits for several projects and Caritas Homes, phase 1 successfully obtained a 9% "disaster" tax credit award.

The presence of 30 No Place Like Home units at 20% AMI, 47% of the total, means the average affordability for the 63 restricted units is 34.6% AMI. With rents reduced to this extreme level, collected rent revenue is less than property expense. Thus, Burbank Housing requested and was awarded 30 project-based vouchers to be associated with the NPLH units. This key award provides for a positive net income in order to support a modest first mortgage to help close the funding gap. Burbank was successful in obtaining a \$2,897,000 loan award from the Apple Corporation that is a construction-to-permanent loan with an attractive below-market interest rate of 2%. The award of 30 project-based vouchers also obviates the need for a capitalized operating subsidy award which, in turn, reduces the capital development budget by at least \$3M.

Included in this application is the tax credit application from June 2020 and an update to the state Universal Application we used for the NPLH application. The latter includes current hard

costs estimates that are higher than those used in June. The figures in the Universal Application match the figures used in the provided full *pro forma* at Tab W.

Awarded permanent funding:

- \$410,000 committed in 2017 County Fund for Housing funds, Sonoma County Community Development Commission, permanent financing available for pre-development costs (note: Catholic Charities is awardee because Burbank did not possess site control at the time of application)
- \$1,000,000 committed in Partnership HealthPlan of California funds, Sonoma County Community Development Commission, permanent financing available for pre-development costs (note: Catholic Charities is awardee because Burbank did not possess site control at the time of application)
- \$161,918 committed in 2019-2020 County HOME funds, Sonoma County Community Development Commission, permanent financing available for pre-development costs.
- \$3,867,000 committed in No Place Like Home (NPLH) funds, State of California Department of Housing and Community Development, permanent “take-out” financing.
- \$2,897,000 committed in Apple Corporation loans funds, a construction-to-permanent loan at 2% administered by Housing Trust Silicon Valley on behalf of Apple.
- \$2,303,382 in annual 9% Low Income Housing Tax Credits projected to generate \$21,419,310 in limited partner equity investment (assumes pricing at \$0.93)
- 30 Section 8 Project-Based Vouchers awarded in June 2020 to be used to support the 30 NPLH units.

Back-up Financial Funding Strategy

Based on current conservative projections, because our recent Transit-Oriented Development (TOD) application for \$750,000 was not successful, the Project funding gap is \$750,000. We are exploring the competitiveness of the Project for state Affordable Housing and Sustainable Communities and Infill Infrastructure Grant funding. Initial review indicates the Project is viable for these funding programs, although timing is a challenge given the aforementioned tax credit September 1, 2021 deadline for construction commencement.

If the sources above do not fully close the funding gap, other potential sources to fill the gap include further funding from the Sonoma County Community Development Commission, other funding sources controlled by the City of Santa Rosa, the Renewal Enterprise District, and private philanthropy. A final option, if necessary, is to defer a portion of the developer fees in order to balance sources and uses. It is also worth noting that our *pro forma* tax credit pricing at \$0.93 is conservative as we understand major buyers such as Wells Fargo Bank and Bank of America are currently offering \$0.95 and above for strong 9% deals such as Caritas Homes phase 1. Every penny change in pricing produces approximately \$230,000 in additional equity.

6. Summary and Timeline of Required Planning Entitlements

The Project's real estate owner, Catholic Charities of the Diocese of Santa Rosa, submitted entitlement applications in September 2018 for the greater Caritas Village Project. The required California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) is complete and was certified by the Santa Rosa City Council on March 3, 2020. The City Council also unanimously approved the land use requirements enumerated below on March 3, 2020:

- General Plan Amendment
- Downtown Station Area Specific Plan (Downtown Specific Plan) Amendments
- Rezoning
- Parcel Map
- Conditional Use Permit (CUP)
- Housing Allocation Plan concession
- Density Bonus (with concessions and waivers)
- parking reduction
- Tree Removal Permit
- Request for "Reserve A Allotments".

The following post-City Council approval land use requirements were fully approved and granted on August 6, 2020:

- Landmark Alteration Permit(s)
- Design Review

Thus, all land use approvals are in place; no further city government action is required. City resolutions documenting these approvals in detail are found at Tab K.

7. Environmental Summary

The Caritas Village plan is the redevelopment of an already urbanized property. As such, natural resource issues and mitigations are non-existent or negligible. Salient issues studied by the CEQA consultant include traffic, noise, air quality and cultural resources. As noted in the previous section, a full Environmental Impact Report under CEQA was completed and certified by the Santa Rosa City Council on March 3, 2020. Anticipating the likely use of federal funds, a National Environmental Protection Act (NEPA) study is currently under way and is expected to be completed in the first quarter of 2021.

The site is not in a flood plain or otherwise prone to flooding. The property is in FEMA map zone 06097C0728e, an "Area of Minimal Flood Hazard," zone x.

Catholic Charities acquired the property in 2015 and a Phase 1, CEQA and NEPA reports were all commissioned for that acquisition. These reports are available upon request.

8. Plan for Delivery and Funding of Supportive Services

The state NPLH application process required the production of a supportive services plan that county government would stand behind for a period of not less than 20 years. That plan, with a projected annual services cost budget of just over \$2M, is found at Tab AA.



APPLICATION AND PROPOSAL FOR COMMUNITY DEVELOPMENT BLOCK GRANT –
DISASTER RECOVERY FUNDS
(California Department of Housing and Community
Development Multifamily Housing Program)

CITY OF SANTA ROSA HOUSING & COMMUNITY SERVICES

&

SANTA ROSA HOUSING TRUST
ON BEHALF OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA
NOTICE OF FUNDING AVAILABILITY - AFFORDABLE HOUSING
ISSUE DATE: November 3, 2020
DUE DATE: December 3, 2020, 11:59 PM (the “NOFA”)

Attention: Nicole Rathbun
City of Santa Rosa, Department of Housing and Community Services
90 Santa Rosa Avenue, First Floor
Santa Rosa, CA 95404

Submitted by:

The Cannery at Railroad Square, LP, as Applicant
1388 Sutter Street, 11th Floor
San Francisco, CA 94109
Ph: 415.345.4474
Contact: Donald B. Lusty, Director of Development
dlusty@jsco.net

A. Project Description

i. Project Narrative:

All Aboard!

The City of Santa Rosa's 2007 Downtown Station Area Specific Plan (the "Plan") is full steam ahead! Thanks to the leadership, vision, and grit of John K. Stewart (1934-2020), and thanks to the tremendous efforts of the City of Santa Rosa (the "City"), what started in 1999 as "the little project that could", now dubbed "The Cannery at Railroad Square", is on track to deliver 129 units of 100% affordable housing to families and individuals earning between 30% to 80% of Area Median Income ("AMI") on land located at 3 West Third Street in downtown Santa Rosa (the "Project"), thereby catalyzing the City Council's current (2018) set of **priorities**, fulfilling the original Plan, complying with the newly adopted Plan, and aligning with the City's mission to "provide high-quality public services and cultivate a vibrant, resilient and livable City."

The Cannery at Railroad Square is a six-story building with 7 studios, 48 one-bedroom, and 74



two-bedroom units. The Project will include a set-aside of 25% of the units (33 units) for special needs households (formerly homeless families), for which we are applying for Project Based Vouchers. The improvements also include management and services offices, indoor and outdoor resident amenity spaces, as well as bicycle parking for 50 bikes and voluntary vehicular parking consisting of 52 standard

spaces, including 3 EV spaces and 3 accessible spaces. Resident amenity spaces will include a computer lab, a community meeting room with warming kitchen and adjacent outdoor patio, two courtyards with different characteristics, and laundry rooms with access to the exterior and adjacent tot lot.

Common outdoor space will be provided along the north and west frontages of the new building. The spaces will provide picnic and BBQ areas, children's play areas and general gathering spaces. The Project will construct a pedestrian promenade from Sonoma-Marín Area Transit (SMART) Railroad Square Station, allowing residents access to high-quality transit within this Priority Development Area (PDA) identified in regional *Plan Bay Area 2040*. The pedestrian and bicycle corridor will extend the 4th Street spine from the SMART site to the Prince Memorial Greenway along the Santa Rosa Creek trail adjacent to the west. Several elements of the original historic Cannery, including the brick wall, canopy, original water tower, and loading dock facing east are incorporated into the design.

Included here as **Appendix A** is a link to the architectural drawings for the Project, currently at 100% design development.

Next Stop, Project Financing!

The Project was granted ministerial approval by the City, pursuant to Government Code Section 65913.4. (SB-35), to “develop a 100% affordable residential building providing 129 living units and associated amenities.” A copy of the approval letter from Susie Murray, Senior Planner, is included under **Tab K**. Now that the Project has received the City’s approval to move forward, we are applying for the financing necessary to make the Project feasible. To this end, the Cannery at Railroad Square, LP, a California limited partnership (the “Partnership”), the single-asset entity which will construct, own and operate the Project, is requesting the amount of \$10,300,000 in Community Development Block Grant-Disaster Relief funds from the Housing Authority of the City of Santa Rosa under the NOFA.

- ii. TCAC Tie Breaker Score – Not Applicable
- iii. Project Benefits

The need for housing throughout California is dire, and the need for affordable housing is especially acute. Like the rest of California, Santa Rosa and the North Bay have been housing constrained for many years. The 2017 Sonoma County fires devastated the City and destroyed a significant portion of the city’s housing stock to the tune of thousands of units, which further exacerbated the housing shortage. Many residents left standing after the fires have been forced to move away from Sonoma County because of the lack of affordable housing options in the area. In fact, Sonoma County’s population has continued to decline three years and counting since the fires¹ The Cannery at Railroad Square provides an opportunity for the City to increase its housing stock and provide relief for 129 households that will benefit from affordable housing that range in affordability between 30-80% of AMI, including a set-aside of 33 of these units for formerly homeless families. These critically needed units will house those who work in service-related positions in Santa Rosa, and will allow them to live closer to where they work.

¹ <https://www.pressdemocrat.com/article/news/sonoma-county-population-declines-sharply-since-2017-wildfires/>



The Cannery at Railroad Square will also have positive transportation and environmental impacts. The SMART train’s recent success, including its successful extension to Larkspur in 2020, and planned extension to Windsor in 2021, will encourage public transit ridership for a growing North Bay area. The Cannery at Railroad Square, given its proximity to the Downtown Santa Rosa SMART station and to the downtown area, will enhance SMART ridership, will provide an immediate and long-term benefit toward curbing emissions of greenhouse gases in the City of Santa Rosa, and makes good regional and environmental sense for a growing population in the midst of a rapidly changing climate. The Project is walking distance to the downtown area, the 6th Street Playhouse, Chop’s Teen Club, the 4th Street retail area, and the Santa Rosa Creek. As envisioned by the Partnership and the John Stewart Company (“JSCo”), and with the City’s input and collaboration, the Cannery at Railroad Square is just the type of transit-oriented development the City seeks to encourage under the Downtown Station Area Specific Plan, the primary objective of which is to “increase the number of residents and employees living and working within walking distance (1/2 mile) of the Downtown Transit Mall and the Downtown Sonoma Marin Area Rail Transit (SMART) station, through intensification of both residential and non-residential land uses in the area.”

What is the City but the People? – William Shakespeare

Cities are our past, and cities are our future. Santa Rosa has seen quite its share of tragedy and setbacks, but we are in an atmosphere of opportunity at this very moment. As we look around our communities in California, we plainly see the effect that income disparity, skyrocketing rents, and climate change are having on our most vulnerable citizens. The Partnership and JSCo are in a unique position to act quickly to remediate these setbacks. The Project’s SB35 approval, and the Partnership’s site control of the land, as evidenced by the Purchase and Sale Agreement included under **Tab R**, effectively ready the Project for construction within 6-8 months upon issuance of

funding commitments. In short, our team is ready to hit the ground running once the necessary financing has been secured. Given how far the Project has come in just over a year, we are excited and eager to work with the City in our roles as developer and property manager to serve the Santa Rosa of today and the Santa Rosa of tomorrow.

In addition to providing 129 units of affordable housing, the Partnership intends to enter into a contract with LifeSTEPS to provide services to 25% of the households (33 units) residing in units set-aside for formerly homeless families at the Cannery at Railroad Square. A description of the social services to be provided is included below in Section viii, and a copy of the proposed services plan for the Project, and Memorandum of Understanding with LifeSTEPS is included under **Tab AA**.

iv. Project Constraints and/or Issues

Historically, the Santa Rosa housing market has struggled with the overarching predicament of having San Francisco construction costs, but unmatched by Santa Rosa rents and condominium/single family dwelling home prices. While this financial gap has been narrowing over the past few years, the 2017 fire created a sea change in 'housing demand given the loss of over 7,500 housing units in Sonoma and Napa counties. In turn, this has drastically affected the availability of housing at all income levels. At the same time, significantly rising construction costs have meant that projects often struggle to find the financing to make their projects feasible. Without the \$10.3 million in CDBG-DR funds from the Housing Authority, the Cannery at Railroad Square project simply will not be able to move forward.

The Cannery at Railroad Square is a unique and attractive location for a transit-oriented affordable housing development. However, because of its prior use as a Cannery in the late 19th Century and its proximity to the Northern Pacific Railroad, the site has unique and costly special conditions as follows:

Wall and Canopy - The City requires that the circa 1908 cannery walls must be preserved along with other historic elements, including a loading dock, a canopy on 3rd Street and an 80-foot water tower. Midstate Construction, the general contractor for the Project, estimates the cost of historic preservation is at least \$4,000,000.

The length and bulk of the preserved walls present structural and seismic engineering challenges in connection with tiebacks from a large post-tension slab (podium) to the walls themselves, which have a total length for the 3 W. 3rd Street (the Cannery site) of approximately 600-feet. Not only must these walls be preserved, but they need to be re-pointed in accordance with Historic Preservation Standards. Additionally, they will need to be structurally reinforced by an 8"– 10" re-bar and shotcrete backing on the interior side.

The Water Tower – This 8-story structure had to be disassembled when it was discovered that its footings were directly over a 50-foot underground storage tank used for heating oil in the

canning operations of the Del Monte Company. New footings, structural reinforcement and refurbishment will be required.

Parking Access – Because of the proximity of the bridge on 3rd Street spanning the Santa Rosa Creek, there is not adequate space for a left turn lane running east on 3rd Street; hence the only vehicular access to the Cannery building is a penetration in the east facing wall of the Cannery Building (which was approved by the Cultural Heritage Board). Concurrent traffic flow from both the Canners’ & SMART sites must be carefully planned.

4th Street Corridor – As approved under the SB-35 expedited entitlement process, the Project will provide public access to the Prince Memorial Greenway Bike & Pedestrian path located on the west side of the site. Several years ago, the City relocated a failing storm drain (which ran underneath the Plant 5 building site, directly north of the Cannery site) to the 4th Street Corridor leading directly to the Santa Rosa Creek. Hence, in addition to a desired use by pedestrians and bicyclists, there is a public utility reason for an east-west easement of approximately 150 feet in length and 47-foot width. The City’s use of the 4th Street Corridor for its storm drain is not yet recorded.

Lot Merge – Prior to construction start, the Partnership will acquire a portion of the adjoining parcel of Land, owned by Santa Rosa Canners, LLC, commonly referred to as “Plant 5,” to allow improved access to the City’s storm drain and pedestrian & bicycle promenade.



v. Summary of Financing Status

As shown in the pro-forma attached in **Tab W** of this response, the following construction and permanent financing sources have been assumed for the Cannery at Railroad Square:

- 33 Project Based Section 8 vouchers from the City of Santa Rosa, requested concurrently with this application, to provide rental subsidy to the 33 units reserved for formerly homeless families with extremely low incomes
- \$450K Predevelopment Loan approved by the City's Housing and Community Services Department in February 2020
- \$10.3M in City of Santa Rosa Disaster Relief funds (per this application)
- \$44M in Tax-exempt Bond Allocation plus \$16.8M in Taxable Bonds for construction financing (structured to maximize scoring for the CDLAC application), with a Permanent Mortgage sized at \$23.4M
- \$37.2M in 4% low-income housing tax credits (over the counter)
- \$7.6M in state tax credits (funded with \$500M from the state's budget)
- \$6.6M in developer fee contributed as a general partner contribution
- \$1.3M in deferred developer fee

While the Santa Rosa Cannery, LLC (the "LLC"), the current owner of the land, has worked to develop this site over the past 20 years, and there were previous financing commitments in place, local and state politics as well as financial realities have taken a toll, and the project has had to be reconceptualized several times. The good news is that the Project, as currently conceptualized, can take advantage of much of the previous work, and as a 100% affordable project, the Cannery at Railroad Square will be well positioned to fill a critical housing need both quickly and feasibly.

The LLC, under the leadership of John K. Stewart, spent over \$7M on site environmental remediation, historic preservation and various due diligence reports, for which they do not seek reimbursement. Hitting the reset button on the financials, the Partnership is now applying for local commitments for \$10.3M in CDBG-DR funds (that we understand can be used during construction) and 33 project-based vouchers that will provide the Project with the local commitments needed to pursue additional sources of funds.

Once the Project has local funding commitments, it will be well positioned to submit for 4% low income housing tax credit, state tax credit and tax-exempt bond applications. As was true for 2020, the state tax credits have recently been recapitalized for 2021 with a rare additional \$500M allocation from the state budget (it is not clear if these additional state tax credits will be funded again in years after 2021). This resource is incredibly valuable to the Project and, as per the current regulations, we have sized it at \$7.6M for the Project. Although not yet final, it is anticipated that the entire \$500M in additional state credits for 2021 will be allocated in the first two bond/tax credit rounds, anticipated to be in February and April of 2021. We have shared Project information, including our pro-forma, with an investor (Enterprise) and lender (Jones Lang Lasalle, "JLL") both of whom we have worked with on many other projects. Enterprise and

JLL are very enthusiastic about participating in The Cannery at Railroad Square and they have informed our tax credit pricing and debt assumptions and have also provided Letters of Interest which are included here under **Tab V**.

The developer fee on the Project is currently projected to be \$10.4M. This sizing is based on what is allowable by the State of California Tax Credit Allocation Committee (TCAC), and it should be noted that \$6.6M of this developer fee will be contributed back to the project as a general partner capital contribution. The rationale for structuring the deal this way is to maximize the basis on which the tax credit equity is calculated (i.e. it allows the project to raise more tax credit equity). Per the attached pro-forma, it is currently contemplated that of the remaining \$3.8M of developer fee (after the general partner capital contribution), \$2.5M of the developer fee will be paid out during the development project period (as allowed by TCAC), and the balance of \$1.3M will be a deferred developer fee that is paid from project operating cash flow over a ten to twelve year period.

We understand that most of the sources we reference above can only be used as construction or permanent sources and as such the Partnership and JSCo are prepared to front the predevelopment financing necessary to continue to take the Project forward. Towards that end, we have approved the architects and engineers to continue design work – the design development drawings have been completed, and the design team is currently working on construction drawings. Additionally, we have engaged the services of third-party building and fire system plan checkers to facilitate a faster review to obtain building and fire permits from the City.

We feel that the financing plan we have presented here is very competitive, and does not require long periods of time to secure. Like the City of Santa Rosa, we are eager to get the Project under construction, and so devising a financing plan that allows us do that quickly is critical.

For more detail about funding timelines, please see **Tab X** of this response.

vi. Summary and Timeline of Required Planning Entitlements

Pursuant to the letter dated August 24, 2020 from Susie Murray, Senior Planner at the City of Santa Rosa, included under **Tab K**. of this response, the Project has been granted the approvals necessary “to develop a 100% affordable residential building providing 129 living units and associated amenities” under CA Government Code Section 65913.4. Assuming a Round 1 award of bond issuing authority and allocation of federal and state tax credits (application due in February 2021, awards made in April 2021), we estimate a construction closing/start of construction in October 2021 and receipt of Temporary Certificate of Occupancy in September of 2023 (23-month construction period).

vii. Environmental Summary

A detailed description of the environmental status of the Land, including supporting documentation, is included under **Tab J** of this response.

- Protected Plant and/or Animal Species – As outlined in the Initial Study and Mitigated Negative Declaration dated October 17, 2008 that is included under **J.6.**, the following plant and animal species will need to be mitigated for at the site:
 - Nesting Raptors and Birds
 - Special Status Bat Species
 - Pacific Pond Turtle

The Declaration incorporates the mitigation requirements for each of these identified species and does not create any feasibility issues for the project.

- FEMA Flood Map Designation – Minimal Flood Hazard.
- Presence of Wetlands, including vernal pools – No presence of wetlands on the Land.

Approval of the Project under SB-35 removed the requirement for California Environmental Quality Act (CEQA) analysis, but we understand that an award of CDBG-DR funds and Section 8 Project-based Vouchers requires clearance under NEPA. The Partnership has engaged the services of Cinnamon Crake, President of AEM Consulting LLC, to prepare an Environmental Assessment pursuant to NEPA and HUD environmental regulations. While the environmental reports prepared for earlier site environmental analysis and remediation, and included with this application, provide Cinnamon with useful background, as part of her NEPA analysis, Cinnamon has requested that the following reports are updated and revised to reflect federal standards required by NEPA:

- Phase I ESA
- Historic Report
- Acoustic Report
- Biology Report

We have started on the process of obtaining NEPA clearance with Cinnamon and expect to have approval prior to finalization of the CDBG-DR commitment, and prior to the due date for the 2021 Round 1 CDLAC/TCAC applications.

For a history of investigations and corrective action activities for the Land up to 2008, please see the letter from EBA Engineering dated September 12, 2018, attached hereto under **Tab J.1.**

For a pictorial of the work described in the letter from EBA, see photos attached hereto under **Tab J.2.**

“No Further Action” letters and supporting correspondence for 3 West 3rd Street, 60 West 6th Street, and the underground storage tank formerly located at 60 West 6th Street, are included under **Tab J.3**.

A Phase I Environment Study was completed in February 2018 by EBA Engineering of Santa Rosa, the results of which did not necessitate a Phase II Study. The Phase I Study is attached hereto under **Tab J.4**.

A Geotechnical Study prepared by RGH Consultants, Inc. dated November 22, 2005 is included under **Tab J.5**.

An Initial Study and Mitigated Negative Declaration was approved for the project on October 17, 2008 and is included under **Tab J.6**.

viii. Plan for Delivery and Funding of Supportive Services

Supportive services for Formerly Homeless Families will be provided by LifeSTEPS, a nonprofit service provider that was founded in 1996. LifeSTEPS will staff an Intensive Case Manager (“ICM”) to provide onsite intensive case management for the 33 formerly homeless households, including working with special needs residents to develop and implement an individualized service plan, goal plan or independent living plan, as well as providing specialized educational classes, such as green education; budgeting and money management; parenting; life skills training; and employment and job training skills. The ICM will also provide housing outplacement services; transportation counseling; benefits assistance; peer advocacy groups; and medication management. The ICM will provide linkages through the County’s Full-Service Partners to physical health care, mental health care, substance use treatment, representative payee services; legal assistance; child care; domestic violence counseling; safety planning; eviction prevention counseling and advocacy; and access to basic needs such as food and clothing. All residents will be assisted with transportation planning for off-site services.

Please see signed MOU with LifeSTEPS, LifeSTEPS Residential Services Plan and Budget, and letters of support from the following City and County Full-Service Partners under **Tab AA**:

1. County of Sonoma, Office of the District of Attorney: Family Justice Center Homeless Outreach Team
2. Chop’s Teen Club

BURBANK AVENUE APARTMENTS



A 64 Home Family Housing Community



PROJECT NARRATIVE

INTRODUCTION

The Applicant, WSA Burbank Housing Partners I, LP (“Applicant”) is a partnership between Waterstone Residential, LLC and its affiliates (“Waterstone”) and Burbank Housing Development Corporation and its affiliates (“Burbank Housing”). WSA Partners I, LLC, an affiliate of Waterstone, will serve as the Administrative General Partner, while BHDC Burbank Ave, LLC, an affiliate of Burbank Housing, will serve as the Managing General Partner of the newly formed partnership. Waterstone has been taking the lead role in the development responsibilities for Burbank Avenue Apartments and has assembled a local project team to execute on the program. Burbank Housing will be principally responsible for the financing, asset management, property management and resident services efforts. Both firms are based in Santa Rosa.

PROJECT DESCRIPTION

Project Site

Burbank Avenue Apartments is the multifamily component of the larger Burbank Avenue Subdivision development plan (“Master Plan”), which in total will feature 138 homes in a mix of housing types. The Master Plan was designed to be a cohesive and unifying neighborhood that would accomplish the planning objectives identified in the Roseland Area / Sebastopol Road Specific Plan (“Specific Plan”). Located on the eastern side of Burbank Avenue between Sebastopol Road and Hearn Avenue, the Master Plan will feature 62 single family homes, 12 duet row townhomes and 64 apartment homes. The Applicant is proposing to develop the multifamily site of the Master Plan as a 100% affordable housing community. In addition to its proximity to Roseland Creek Elementary School and Roseland Accelerated Middle School, the Master Plan is within close walking distance of a future City park. These amenities provide the ideal infrastructure for the development of Burbank Avenue Apartments as an affordable housing community.

Program Summary

The Burbank Avenue Apartments proposal contemplates the development of 64 affordable apartment homes on 2.06 acres at the southern entrance of the Burbank Avenue Subdivision. The affordable apartment community will feature a mix of homes that include 20 one-bedroom units, 25 two-bedroom units and 18 three-bedroom units as well as a two-bedroom unit for the manager totaling 126 bedrooms. Pursuant to the affordable housing goals of the Specific Plan, the community has been planned to serve families with Area Median Income (AMI) levels ranging from 30% to 60% to promote equity and stability within this vibrant, multicultural part of the City.

Designed to have a cohesive architectural theme within the Master Plan, the Burbank Avenue Apartments site plan is organized into 4 two- and three-story buildings that modulate toward the main streets and step down along Burbank Avenue in respect of the scenic corridor. Each building features elements within the vertical expression to breakdown the massing to ensure consistent residential scale within the Master Plan. A total of 137 parking spaces are provided with the development at a ratio of over 2 spaces to 1 unit, including tuck-under garages that assist in concealing the view of parked cars from the public realm. Finally, the community satisfies TCAC

requirements for mobility and sensory access, with a total of 7 units (11%) for mobility impairment and 3 units (4%) for sensory impairment.

Site Amenities

Burbank Avenue Apartments has been designed to provide a conducive, safe environment for families, with a large community room, wifi common areas, offices for onsite staff, three separate laundry rooms and an enclosed mailroom with package lockers. The community also features active and passive outdoor amenity spaces including barbeques, dining tables, child play areas and green space.

Additionally, resident services will be provided on site by Burbank Housing at no charge. Burbank Housing's Resident Services Programs ensure that residents receive a variety of beneficial services both on-site and through individual referrals that support overall well-being and housing stability. A Services Coordinator will be available on a regular and ongoing basis to provide residents with information about available services in the community as well as how to access the services and organize on-site enrichment activities with a particular focus on community engagement and resiliency. Burbank Housing's vast network of service providers, partner agencies and community organizations can aid with food support, parenting classes, exercise and health maintenance classes as well as financial management programs.

PROJECT BENEFITS

The Burbank Avenue Apartments will provide multiple benefits to the Roseland neighborhood and more broadly to the City of Santa Rosa. The development of 64 affordable apartments within the project's Master Plan will create a mix of housing types for all income levels achieving multiple goals and policies within the City's General Plan and Specific Plan. Roseland is identified as a Priority Development Area in the City's Specific Plan as it is able to accommodate growth and make key connections to transit and jobs. Furthermore, the City's General Plan maintains policies to facilitate the development of affordable housing within Priority Development Areas. The vision for the Burbank Avenue Apartments supports the guiding principles for the strategic growth in Roseland as it helps with the long-term creation of stability and equity in this multicultural district.

Burbank Avenue Apartments will offer deep levels of affordability with 52 homes or 81% of the community being reserved for households earning 50% or less of the Area Median Income. Another 11 homes will be reserved for households earning 60% of Area Median Income and one home being reserved for the on-site manager. The project will provide a great opportunity to offer brand-new, high-quality affordable housing units to individuals and families vulnerable to displacement not only in the immediate Roseland area, but also the larger Santa Rosa community.

Equally important is the quality of the offering with Burbank Avenue Apartments. Few locations within the City have a plan for the buildout of a neighborhood that will provide the necessary infrastructure to support growing families. The addition of 64 affordable homes in close walking distance to Roseland Creek Elementary and Roseland Accelerated Middle School will offer relief from the transportation burden on the working families that call the community home because of the continuum of education in one location. The Master Plan will also further the goals of pedestrian connectivity to the City's future Burbank Avenue community park by providing a network of

sidewalks connecting adjacent neighborhoods. This benefit promises immediate recreational opportunities for children of the community when the park is eventually developed. Finally, sports and other extracurricular activities are frequently organized at the Southwest Community Park located just south of the proposed Master Plan on Hearn Avenue, an ideal place to foster productive environments for the Roseland community.

Burbank Avenue Apartments will promote sustainable and healthy living for its residents, by incorporating energy-efficient design features. The construction of the buildings will meet CALGreen and GreenPoint Rated requirements. Features will include, but not be limited to the following: high efficiency lighting, EnergyStar appliances, drought tolerant landscaping and high-efficiency windows, all electric water heat pumps, and HVAC heat pumps with ductless venting.

PROJECT CONSTRAINTS AND/OR ISSUES

The proposed Burbank Avenue Apartments development is fully entitled. The Applicant has carefully coordinated the site improvement plans as well as the required permits with the Master Plan Developer to eliminate delays during the permitting process. Additionally, the Applicant has received significant feedback from Wright Contracting, the general contractor, as well as its subcontractors on the project plans to avoid complications during construction. Outside of the financing constraints related to this application, the Applicant does not foresee any additional challenges in executing the proposed development.

SUMMARY OF FINANCING STATUS

The total development cost for Burbank Avenue Apartments approximates \$37.95MM or \$592,986 per unit. The Applicant has been in discussions with multiple capital groups, including National and Community Banks, Loan Brokers, and Equity Syndicators. The Development Budget reflects the requirements of the various capital providers. A summary of the construction and permanent financing sources for the project is provided below:

Construction Period Sources		Permanent Period Sources	
Source	Amount	Source	Amount
Federal LIHTC Equity	\$1,146,670	Federal LIHTC Equity	\$11,466,704
State LIHTC Equity	\$402,055	State LIHTC Equity	\$4,020,552
Construction Loan	\$32,544,353	Permanent Loan	\$6,204,000
Deferred Developer Fee	\$3,500,000	Deferred Developer Fee	\$1,049,881
Deferred Costs	\$358,058	MHP	\$10,210,000
		CDBG DR	\$5,000,000
Total Construction Sources	\$37,951,136	Total Permanent Sources	\$37,951,136

Citibank Construction and Permanent Loan

The Applicant has secured a commitment letter from Citibank for both construction and permanent financing for Burbank Avenue Apartments. The construction loan terms include a 24-month period, with one 6-month extension, an interest rate of 4% and a maximum loan amount of 80% of cost or 90% of value. The permanent loan terms include a period of 18 years, amortization schedule of 35 years, debt service coverage ratio of 1.15x and an interest rate of 4.23%.

Project-Based Vouchers

Waterstone secured 12 project-based vouchers (“PBV”) from the City of Santa Rosa’s Housing Authority (“SRHA”) in June, 2020 before the final partnership agreement with Burbank Housing was executed. Waterstone intends to seek approval from SRHA to assign the PBVs to WSA Burbank Housing Partners I, LP or the Applicant. Additionally, the project is now requesting rental subsidies in the form of 4 PBVs for a total of 16 PBVs. This request is primarily associated with an approximate 13% increase in construction costs from the April to November budget updates. As a result of COVID, lumber costs have increased approximately 63% from \$350 per board foot to \$570 per board foot during the reference period. Although less severe, scope creep due to the advanced plan development has increased the costs in the plumbing, finishes and earthwork line items. All other material costs have remained relatively constant and within the projected escalation since Waterstone’s May 2020 application submittal.

To mitigate the risk of future cost increases from application submittal to the start of construction, Wright Contracting is carrying a 2% design contingency and a 3% escalation reserve. Given the current stage of the plans and the settling of the Covid related supply chain impacts, the Applicant believes there is sufficient contingency to mitigate future risks. Should costs increase beyond the planned contingencies, the Applicant will defer receipt of its construction close developer fee to cover the costs.

Community Development Block Grant – Disaster Recovery (CDBG-DR)

The Applicant is requesting a recommendation from SRHA for funding approval by the California Department of Housing and Community Development (“HCD”). The request is to receive an award for funding in the form of a project-based loan from HCD’s Disaster Recovery – Multifamily Housing Program (“DR_MHP”) in the amount of \$5,000,000. Burbank Avenue Apartments has accounted for all the terms of the loan agreement in its financial planning. Additionally, the project meets 3 out of 6 of the Prioritization Criteria.

HCD’s Multifamily Housing Program (MHP)

Burbank Avenue Apartments will be applying for HCD’s Multifamily Housing Program (“MHP”) funding in the 2021 First Round, which is anticipated in the second quarter as the result of an HCD delay. Applications for projects applying for MHP shall be competitively scored within the State. The Applicant has underwritten the project to successfully secure a \$10.2MM MHP Loan by targeting deep levels of affordability that can be achieved through its receipt of local funding support through the CDBG-DR Loan and PBV awards. Local funding support will dramatically improve the project’s leverage and increase its scoring against other applications that have not received local funding support.

4% Tax Credits

The Applicant will be applying for 4% tax credits in the second round of 2021. The partnership received a commitment letter from Red Stone Equity to be the investment limited partner who will contribute approximately \$15.5MM in Federal and State Tax Credit Equity at a price of \$0.90 and \$0.75 per tax credit, respectively. In exchange, Red Stone Equity will receive 99.99% allocation of the tax credits and operating losses.

Deferred Developer Fees

The Applicant will defer a portion of its developer fee through conversion to assist in the capitalization of the project. The developer fees will be paid through residual cash flow from operations over a 10-year period. If necessary, the Applicant will agree to defer more of its fee in an amount necessary to cover additional funding shortfalls during the preconstruction and construction periods.

SUMMARY OF ENTITLEMENT STATUS

The Master Plan received its entitlements on June 16, 2020, with City Council approval of a Tentative Map to subdivide 14.25 acres into 75 lots. The Master plan previously received approval of its Minor Design Review Permit as well as a Minor Use Permit for the development of 138 units. Burbank Avenue Apartments is situated on a 2.06 acre single lot identified on the Tentative Map as Lot 75 or Parcel 1.

ENVIROMENTAL CONSIDERATIONS

CEQA/NEPA

During the review of the Master Plan's planning application, Staff determined that the Master Plan proposal should be considered for exemption from CEQA due to the project's consistency with the Roseland Area / Sebastopol Road Specific Plan's EIR dated October, 2016. Accordingly, a CEQA Consistency Memo was prepared with supporting reports to facilitate Staff's review for a determination. After review of the memorandum, Staff determined that the Master Plan project was eligible for exemption consistent with CEQA Guidelines 15182 and 15183 as well as Government Code section 65457. A Notice of Exemption was filed with the County Clerk on June 18, 2020.

A NEPA evaluation was not completed for the Master Plan concurrent with the preparation of the CEQA documentation, since it isn't required for the development of market-rate housing. However, if the Applicant is successful in securing an award from HCD for funding a NEPA analysis will be completed prior to the start of construction. The Applicant has worked with Staff to develop an approved scope of work for the NEPA evaluation. A proposal has been received from the firm that prepared the CEQA Consistency Memo for the Master Plan and a schedule of 4 months has been presented for the completion of the NEPA evaluation.

Biological Resources

A Biological Resources Assessment of the 14.25 Acre site was prepared by WRA in December 2019. WRA identified 0.25 acres of seasonal wetland depressions and ditches that would be impacted by the proposed Master Plan development. Prior to commencing construction, a 401 Water Quality Certification and a 404 Nationwide Permit must be issued from the Regional Water Quality Control Board and U.S. Army Corps of Engineers, respectively.

Summary: Mitigation is required for rare plant, seasonal wetlands and the California Tiger Salamander ("CTS") habitat. The Master Plan Developer initiated the permitting process for the

Burbank Avenue Apartments
City of Santa Rosa Housing Authority
CDBG-DR and PBV Proposal – December 2020

entire property, including the Burbank Avenue Apartments site in July 2020. The permits will include mitigation for a total of 0.25 acres of rare plant preservation, 0.125 acres of rare plant creation, 0.5 acres of wetland creation, and 12.08 acres of CTS preservation.

The Master Plan Developer has thus far purchased 2.81 acres of CTS preservation credits and 0.25 rare plant preservation credits in approved mitigation banks. Additionally, the Master Plan Developer has committed to providing the remaining 9.27 acres of CTS preservation credits, 0.125-acre rare plant preservation mitigation and 0.5-acre wetland creation mitigation at an agency approved Permittee Responsible Mitigation site.

Finally, all necessary mitigation requirements and required permits are anticipated to be secured by June 2021. The following provides a breakdown of the specific mitigation requirements for the Master Plan development, which will also satisfy the requirements for the Burbank Avenue Apartment site.

Special Status Plant Species: WRA conducted 2 consecutive years of protocol-level rare plant surveys. The surveys detected no rare plants. However, because of the location of the site, four special status plant species were identified to have the potential of occurring on the property. Accordingly, the on-site wetlands are considered to be “unoccupied suitable habitat” and mitigation is allowed by purchasing credits in approved mitigation banks. The mitigation requirement for a 0.25 acre impact to “unoccupied suitable habitat” rare plant habitat is 1:1 preserved and 0.5:1 created, which requires 0.25 acre preserved and 0.125 acre created rare plant habitat.

Wetlands: The Project will impact 0.25 acres of seasonal wetland depressions and ditches identified by WRA. Agency required mitigation requirement is a ratio of 2 to 1 of created habitat. The mitigation requirement for a 0.25 acre impact to wetlands is therefore 0.5 acre of created habitat.

California Tiger Salamander: Although it was determined that it is unlikely for occurrence of the California Tiger Salamander because of a lack of suitable breeding habitat, the site lies within a designated critical habitat area for which 1 to 1 mitigation of preserved CTS habitat will be required. The mitigation requirement for 12.08 acres impact to CTS habitat is therefore 12.08 acres of preserved habitat.

Special Status Wildlife Species: Pre-Construction surveys are to be conducted pursuant to the Conditions of Approval and Mitigation Measures associated with the Master Plan entitlements.

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
Applicant: PEP Housing

Housing Project Description.

Linda Tunis Senior Apartments (“LTSA”) is the planned rehabilitation of the Scottish Rite Event Center in Santa Rosa into 26 units of new permanent, affordable rental housing for very low and extremely low-income seniors. PEP Housing acquired the property in August 2019 to help address senior housing shortages exacerbated by the recent wildfires in Sonoma County. LTSA is named in honor of Linda Tunis, a resident at the Journey’s End Mobile Home park which burned during the 2017 Tubbs fire. Her daughter, Jessica Tunis, is a former resident manager at PEP Housing’s Acacia Lane Senior Apartments, adjacent to the LTSA site.

Linda Tunis Senior Apartments meets numerous objectives and priorities of the Community Development Block Grant-Disaster Relief (CDBG-DR) program as well as other City and County affordable housing objectives.

LTSA is in the Rincon Valley neighborhood in Santa Rosa, in the northeast City quadrant, targeted by Santa Rosa to provide affordable housing throughout the City, including high-resource neighborhoods. The area is identified as a Most Impacted and Distressed (MID) area impacted by the 2017 wildfires per the Federal Emergency Management Agency’s Disaster Declaration DR-4344.

PEP Housing has raised over \$2.9 million in corporate, foundation, service organization, and other private donations for Linda Tunis Senior Apartments, including a \$1 million grant from Kaiser Permanente and a \$900,000 grant from the Weinberg Foundation. Other committed funding includes a commitment of Federal Home Loan Bank Affordable Housing Program (AHP) funds through Tri-Counties Bank and a permanent loan commitment from the California Community Reinvestment Corporation (CCRC). The City of Santa Rosa has approved \$690,000 in CDBG funding for site acquisition and eight Section 8 Project-Based Vouchers.

Funding information may be found in the narrative financial plan description and commitment letters attached to this application.

Linda Tunis Senior Apartments addresses the following CDBG-DR priorities:

- *Projects providing a greater ratio of affordable rent units to total units (i.e. a project where 51% or more of the total units are affordable).* - LTSA creates 25 affordable senior housing units, 100% targeted to extremely low and very-low income elderly, including 5 units reserved for homeless seniors and eight units assisted by City-approved Section 8 Project-Based Vouchers. PEP Housing is applying for an additional 17 PBV’s in conjunction with this CDBG-DR application.

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
Applicant: PEP Housing

- *Projects which are providing residential units for Elderly Persons.* - LTSA will house eligible seniors ages 62+.
- *Projects providing residential units for people with at least one Disability. Disabled people are among the groups considered as being most vulnerable and at risk of suffering negative effects from natural disasters.* - Three units (11%) will be fully accessible units for persons with mobility impairments and 2 units (7%) will be accessible to persons with sensory impairments.
- *Projects providing housing for Extremely Low Income (ELI) individuals or families.* - Five units will target seniors with incomes below 30% AMI.
- *Project accommodating “Deep Affordability” with at least 10% of units below 30% AMI.* - 20% (5/25) of units will target seniors with incomes below 30% AMI.

LTSA is at an advanced readiness stage – we expect to start construction August 2021 and complete construction by March 2022 – a) All planning entitlements are secured, the City has approved CEQA exemption, and the HUD environmental review process is completed; b) We have commitments for over \$5 million in funding and expect to complete our funding plan in the next six months; c) construction plans are complete, have been plan-checked by the City of Santa Rosa, and the project is permit-ready. See City of Santa Rosa General Plan consistency letter and permit-ready letter which appear in Attachment K.

Site Description

The LTSA site is located at 600 Acacia Lane in Rincon Valley, in Santa Rosa’s northeast quadrant. The site is 1.27 acres and has an existing 20,400 square foot assembly building which will be converted for Linda Tunis Senior Apartments. The adjacent 1.53-acre parcel, part of the overall 2.8 acres purchased by PEP Housing, was recently subdivided from the LTSA site (October 2020) and has a 4,400 square foot annex building with an existing 1 bedroom, 1 bath apartment. PEP Housing’s administrative offices are in the annex building. The site is adjacent to our Acacia Lane Senior Apartments (44 units) at 657 Acacia Lane, completed in 2012, and residents at Linda Tunis Senior Apartments will have access to the community room, gardens and exercise equipment at Acacia Lane Senior Apartments.

Building Design/Construction Scope

The project will convert the existing 20,400 square foot assembly building built in 1983 to include 26 studio units. The new units will be built inside the existing assembly space. The original dining hall/event space and extensive kitchen will be rehabilitated and made available to PEP residents. Included in the rehabilitation work are new landscaping, utility improvements/connections, ADA improvements, and energy efficiency upgrades. Schematic

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
Applicant: PEP Housing

design plans and a construction cost breakdown prepared by Precision General Commercial Contractors are included as part of this attachment. Construction drawings have been completed and plan-checked by the City of Santa Rosa. The project is building-permit ready.

Unit Description

There will be 26 studio units, each approximately 370-400 square feet with a full bath, kitchenette and a semi-private bedroom. Three units (11%) will be fully accessible units for persons with mobility impairments and 2 units (7%) will be accessible to persons with sensory impairments.

All utilities will be owner-paid. There is no tenant utility allowance.

Community Areas

Common areas include a lobby, office, large community room, and kitchen. All community areas will be designed to be accessible to and usable by persons with a physical disability, including persons utilizing wheelchairs. Community facilities and common areas will be designed pursuant to UFAS and Section 504 of the Rehabilitation Act. Not only will residents have access to the dining hall/event space at the rehabbed assembly building, they will have full access to Acacia Lane Senior Apartments adjacent to the LTSA property. Acacia Lane Senior Apartments includes garden areas and exercise equipment.

Dining hall/event space upgrades include renovation of two restrooms, site work, roof repair, painting, new floor coverings, kitchen safety and compliance upgrades, security upgrades and a variety of other improvements.

Green and sustainable building concepts will be incorporated into the overall project. There is an existing solar system on the building that will be retained.

Neighborhood Description

Linda Tunis Senior Apartments is in Rincon Valley in the Northeast quadrant of Santa Rosa. Highway 12 abuts the property and there is a SR City Bus stop located across the street. There are two supermarkets located within one mile of the site and ample shopping and banking services located in the neighborhood. Rinconada Park is located 2 blocks from the site.

Target Population(s)

Target residents of Linda Tunis Senior Apartments are elderly households who are extremely low to very-low income. Maximum planned household income is 50% AMI with rents targeted at 30% - 50% AMI levels.

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
Applicant: PEP Housing

Five units at LTSA are reserved for previously homeless households per HUD guidelines. Rent-up of these units will be managed in accordance with County Coordinated Entry procedures. These households will be assisted by project-based vouchers provided by the Santa Rosa Housing Authority and pay 30% of their income for housing costs. There are eight Section 8 PBV's currently committed to LTSA with an additional 17 PBV's requested in the supplemental application being submitted concurrently.

PEP Housing is developing Linda Tunis Senior Apartments in part due to the displacement of low-income seniors by natural disasters such as the 2017, 2019, and 2020 wildfires impacting Sonoma County. PEP Housing will include special outreach to these households as part of our marketing plans and prioritize those households for occupancy as permitted under fair housing and funding program guidelines.

Planned Services for Residents

PEP Housing will provide resident services to Linda Tunis Senior Apartments, piggybacking and expanding on services currently offered at our Acacia Lane Senior Apartments, located next-door to LTSA.

With 42 years serving seniors, we recognize that a wide scope of supportive services is needed by low-income seniors to enhance their quality of life. These services will be provided by experienced community service providers and a PEP Housing Resident Service Coordinator. As residents age-in-place, additional services may be required, such as in-home support. These additional services are also currently available in the community and referrals can be provided to qualifying residents as needed.

Services are flexible, responsive and accessible to all residents. Service planning not only addresses the needs of our residents, but it encourages resident involvement in the decision-making process. Participation is voluntary. Our goal is to provide services that will give individuals the opportunities and tools to enable them to have a sense of pride of ownership in their community.

The Resident Service Coordinator facilitates resident volunteers and volunteers from the larger community to participate in an array of activities benefiting the entire PEP Housing community. The RSC also facilitates the formation of resident councils and encourages weekly and monthly gatherings for games, food and other activities that interest residents. On-site activities at other PEP Housing communities include exercise classes emphasizing range of motion and stretching activities, gardening, soup nights, book clubs and bingo, to name a few. We fully anticipate offering a similar array of activities at LTSA.

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
Applicant: PEP Housing

The Resident Services Coordinators at our PEP Housing sites help assess resident needs and then work with residents to see that these needs are met through the existing network of senior and social service providers. The Resident Services Coordinators also provide a monthly newsletter on topics of interest to residents. They also facilitate lectures on health, wellness and safety, as well as many other topics. Recent offerings include: "Common Frauds and Scams, Including Telemarketing Scams", "Safety for Seniors", "Fire Prevention", "Maximizing Your Memory", "Medicare Part D", "Macular Degeneration", "Long-Term Care Insurance", and "Respiratory Illness (CHF)". Presenters of these special programs range from the Redwood Health Library, Council on Aging Health Insurance Advocacy Program, Santa Rosa Fire Department, and the Sonoma County Sheriff's Department. PEP Housing offers other services, including an Emergency Food Assistance Program (delivery of food to residents in need) and a Resident Assistance Fund (for medical, food, clothing and other basic needs). Resident Services are funded through the operating budget as an above-the-line operating expense.

Proposed use(s) of the requested funding, and anticipated environmental issues

PEP Housing proposes to use CDBG-DR funds for construction-period costs, including hard construction costs and construction-period soft costs such as architectural and engineering fees.

All environmental issues have been studied as part of the City of Santa Rosa CEQA and NEPA review. Environmental studies, including proposed mitigations, are included in the NEPA environmental review record included as an application attachment. There were minimal environmental matters requiring mitigation – a small amount of identified asbestos-containing materials to be properly removed and disposed of according to federal and state guidelines and mitigation of Highway 12 traffic noise by building design/construction and installation of a sound wall.

Authorized Entity That Will Execute Loan Documents

Caulfield Lane Senior Housing, Inc. (CLSHI), a tax-exempt non-profit corporate affiliate of PEP Housing organized in 1991, will own LTSA and will execute all CFH and other loan documents. The CLSHI Board of Directors has the same members as the PEP Housing Board. CLSHI has no employees – PEP Housing employees provide all staff services to CLSHI.

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
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Organizational and Ownership Structure and Roles of Various Partners or Other Related Organizations

No tax credit limited partnership is planned as LTSA is not a LIHTC project. As noted above, Caulfield Lane Senior Housing, Inc., a tax-exempt non-profit corporate affiliate of PEP Housing, will own LTSA.

PEP Housing is the CDBG-DR applicant, LTSA developer, property manager and services provider. We have been providing affordable senior housing for nearly 42 years in Sonoma County. As experts in the field, PEP Housing provides the highest quality housing and resident services at the most affordable rents. We understand and respond to the challenges our residents face living with limited fixed incomes.

We currently own, operate, and manage 17 affordable senior properties in Northern California totaling 473 units. We excel in developing and operating small affordable senior communities, focusing on low turnover, a high level of tenant interaction, maintenance, and resident services. Seventeen of those properties are in Sonoma County.

Our Property Management and Compliance Department are responsible for providing a wide range of services. PEP Housing staff works regularly with residents from the day they first turn in an application. Our team is dedicated to working with the residents in establishing a sense of community. Our staff makes residents their highest priority, ensuring that they have what they need to age-in-place with dignity.

PEP Housing has developed an outstanding property management and maintenance business model. Our average vacancy is 10 days, which equates to a less than one percent vacancy. Our average work order completion time is within 24 hours. PEP Housing believes that part of successful asset management over the long run is maintaining properties to the condition they were upon opening.

On-Site Resident Managers and Resident Service Coordinators ensure that the needs of our residents are consistently met. Our mission is to not only provide a dwelling, but also offer our residents opportunities to live healthier, more fulfilling lives. We have established relationships with local agencies and organizations to offer a variety of programs, services and events to our senior communities.

PEP Housing's Compliance team is familiar with complex regulatory agreements. One of our properties has the complexity of 19 sources of funding. PEP has a dedicated Compliance and Property Management Department with a combined total of over 45 years of experience. The Director of Property Management is a HUD Certified Occupancy Specialist, Tax Credit Specialist, Specialist in Asset Management, and 504 Coordinator while the Compliance Manager is a HUD Certified Occupancy Specialist, Tax Credit Specialist, Specialist in Housing Credit

Linda Tunis Senior Apartments
CDBG-DR Funding Application
December 3, 2020
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Management, HOME Compliance Specialist, REAC and MOR's. Each staff member in the department maintains their existing certifications with continuing education and expands upon their knowledge base with PEP's support of ongoing professional development.

With professional property management and maintenance, we provide a safe and pleasant environment for residents and their guests. We take seriously our obligation to the citizens who have helped shape and protect our nation. The goal of PEP Housing is to ensure that residents, employees, neighbors, and the public at large see these properties as an asset to the entire community.

PEP Housing takes great pride in maintaining our properties in superior condition. Most people that visit our properties have no idea that they are affordable properties as they are so well maintained. We treat each of our properties as though they were our own homes.

We are active throughout the state and the nation in issues that impact the senior residents we serve. Mary Stompe, our Executive Director, has served on the Board of LeadingAge California for over a decade and works closely with legislators and state and federal agencies to ensure seniors are provided with as many resources as possible.

PEP Housing has had a robust Resident Services department for over two decades. Our Resident Service Coordinators work closely with residents to ensure they are getting all the services they need to thrive. We partner with programs that help supplement their limited incomes, from food bank distributions to dairy delivery to excess food from farmers' markets and much more.

We include our 2020 Annual Report as an attachment to share more information about our service-enriched housing.



Visit us at pephousing.org to find out how you can donate to the Linda Tunis Senior Apartments.



PROJECTS IN PRE-DEVELOPMENT

River City Senior Apartments in Petaluma

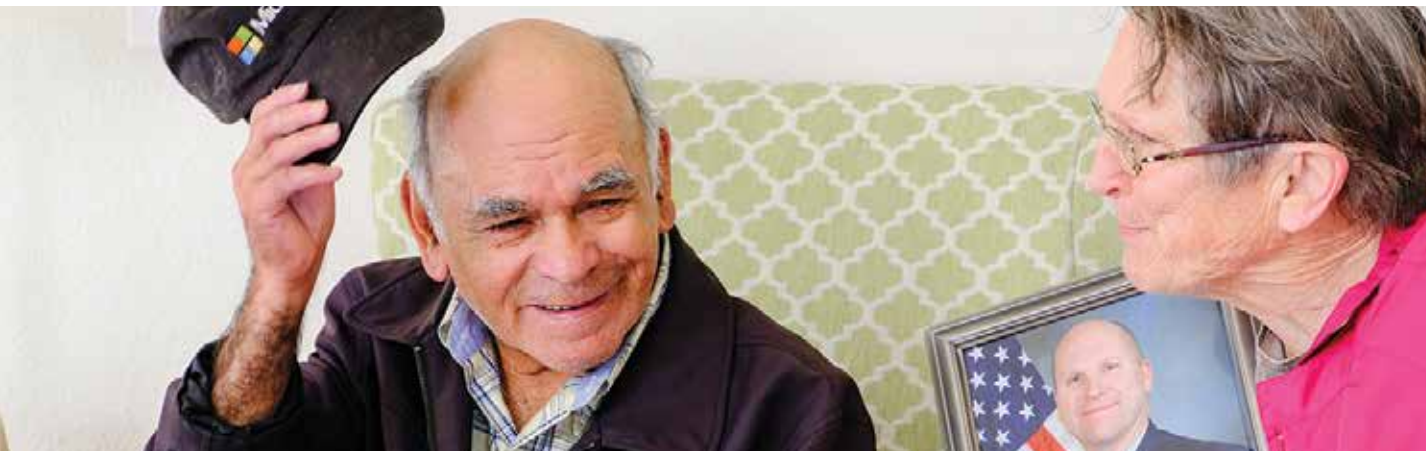
River City Senior Apartments in Petaluma, California is on track to begin construction early this summer. This project will provide permanent affordable housing to 53 seniors and senior veterans, and is located in what might arguably be the most scenic of all PEP properties, along the beautiful Petaluma River. A public pathway with benches along the riverfront will be accessible to residents with views of Sonoma Mountain to the east. The project will incorporate PEP's first Wellness Center, where health care professionals can meet with residents onsite, minimizing the need for residents to travel to appointments. We are very excited to finally break ground on this long anticipated and much needed project! *Pictured above.*

Linda Tunis Senior Apartments in Santa Rosa

The Linda Tunis Senior Apartments project will replace the former Santa Rosa Scottish Rite Center at 625 Acacia Lane, in Santa Rosa, California. This creative rehabilitation of the existing building will include 25 new affordable studio apartments for seniors, with a priority given to those impacted by federally declared disasters such as the Tubbs, Nuns, Kincade and Paradise fires. We will retain and update the original kitchen and dining hall of the former event center for use by PEP residents and staff events. We have launched a Capital Campaign to raise the remaining funds needed to complete this project as soon as possible.

Pony Express Senior Apartments in Vacaville

Pony Express Senior Apartments in Vacaville, California is building permit ready and will bring 59 units of affordable senior housing to Solano County. Like River City Senior Apartments, Pony Express Senior Apartments will also incorporate a Wellness Center for residents and their prospective health care providers to meet. This location is conveniently located to many amenities in the surrounding neighborhood and will be a first for PEP Housing in the Solano County area. Due to an extremely competitive and limited funding environment for the region, construction has been delayed but we anticipate securing funding and breaking ground in the fall of 2020.



2020 Annual Report



Building community from the heart

PEP Housing is a non-profit corporation dedicated to providing seniors with limited incomes access to affordable quality housing with supportive services and advocacy.



Executive Director's Message



In these uncertain times, community partnerships are more important than ever. Knowing your banker by their first name like **Julianna Graham**, working with local professionals like our graphic artist **Kristie Hansen-Kemp**, and partnering with other nonprofits to provide the goods and services our residents need is key in maintaining the overall wellness of the community at large.

We knew a clear course of action would need to be in place when the first positive COVID-19 case in a PEP community was confirmed. Because of the vulnerable population we serve and the housing we provide, we needed to

be prepared to prevent the spread of the virus while also helping anyone with the virus recover.

We partnered with **Ceres Community Project** to provide healthy, delicious food for our residents. When a resident first tested positive for COVID-19, dictating a PEP community-wide shelter-in-place, Ceres delivered food to 50 residents the same day, providing each person with a three-day supply of food. Within hours, over 500 meals were delivered to the property. The **Petaluma Kiwanis Club and Jim Carr** sent us a check that covered the cost of the meals. Thanks to **Royce Van Bebber** for your support.

But the kindness didn't stop there. **Tim Kellgren**, one of PEP Housing's founders, donated funds for grocery cards. The **Sonoma Community Foundation** provided a grant so we could purchase grocery cards. **Hank's Wood Fire Pizza** in Petaluma donated pizza for our properties. The **Redwood Empire Food Bank** assisted our residents and increased the number of communities that they serve. PEP staff and Food Bank volunteers, some of whom are **Sonoma County Human Services Department staff**, worked to distribute food. The **Ukiah Community Food Bank** started weekly food service to our residents at Sun House Senior Apartments.

Sheltering in place can be isolating for anyone, especially seniors. To minimize potential isolation, PEP staff began calling our residents weekly to check in on them. We reached out to the **Petaluma Health Care District** and they connected us with **Petaluma People Services Center** and their new program, "You Are Not Alone". Residents can now get a daily call from a volunteer. We were concerned about mental health issues so we hosted conversations with our residents via Zoom meetings. The **Petaluma Health Center** also offered services for our seniors.

We purchased supplies such as face masks and hand sanitizer for our residents. We received hundreds of handmade fabric face masks from **KC Greaney and friends, Sew Sisters of Bayside Church Santa Rosa**, and **North Bay Sewing**. We were approached by Boy Scout **Sean Haut**, working on his Eagle Scout rank. His project is to make 100 fabric face masks and distribute them to residents. **Danilla Sands**, Potter Valley/Redwood Valley Mendocino Fire and Traffic Alerts took care of all our residents at Sun House. Acacia Residents **Catherine De La Cruz and Joanne Carson**, made masks for our Acacia Lane Senior Apartments residents. Our nonprofit partner **Covia** sent much appreciated handmade greeting cards called "Happy Mail" to our residents. **Tri Counties Bank** has worked nonstop to get us a loan under the Paycheck Protection Program.

The **Resilient Leaders Collaborative**, a group of women Executive Directors of Sonoma County Nonprofits that the **Community Foundation of Sonoma County** initially put together in a leadership program, has continued to share resources and information throughout the pandemic.

LeadingAge National has hosted daily calls, seven days a week, to provide valuable up to the minute information on COVID-19. These calls have been a tremendous support, and we rely on the daily information.

On behalf of PEP Housing and all our 710 residents, we extend our deepest gratitude to each and every one of you. Your generous support makes a difference in the lives of seniors and may even have saved lives. Thank you, thank you.

Mary Stompe, PEP Housing Executive Director



About PEP Housing

PEP Housing began as a small, all volunteer organization formed by dedicated local civic leaders and clergy who joined forces to respond to the urgent need of local seniors nearly homeless and living in appallingly substandard conditions. Now, 710 seniors reside in the 19 beautiful PEP Housing communities widely recognized for excellence in eco-friendly development and service-enriched programs. Today, the demand continues to grow, and PEP Housing is responding with several other projects in pre-development.

Accomplishments 2019-2020

PEP Housing has been successful in obtaining entitlements and building permits with density bonuses for two very challenging projects:

- **River City Senior Apartments, Petaluma CA** with public access along the Petaluma River (including a dock) is a development agreement with the City of Petaluma that took one year to negotiate. The City of Petaluma also provided two rounds (\$2.8M) of funding and the County of Sonoma provided two rounds (\$1.575M) of funding.
- **Pony Express Senior Apartments, Vacaville CA** met the challenge of FEMA's requirement to increase the elevation of the property by creating community partnerships and securing in-kind donations of labor and materials which have resulted in significant project cost savings.

PEP continues to add housing units with two more projects:

- **Linda Tunis Senior Apartments, Santa Rosa CA** is an example of an "outside the box" development to repurpose a former 20,400 sq. ft. Masonic Lodge into 26 studio apartments. This essential project is a direct response to the housing needs of seniors impacted by federally-declared disasters, such as the Tubbs Fire and COVID-19.
- **Secured a management contract for two affordable senior housing projects (198 units)**, which increased the number of properties PEP Housing manages to 19 facilities - 17 of which are owned by PEP Housing.

Awards

- 2019 Book of Lists - No. 1 Companies; Senior Living Communities, 1st Place



**Our vision:
To build quality
affordable homes
for seniors and
veterans in need.**

2020 Board of Directors

Arthur Cooper, *President*
Sean Pryden, *Vice President*
Ben Pryden, *Treasurer*
Mary Savage, *Secretary*
Mary Stompe, *Assistant Secretary*
Richard Rodkin
Herb Lee
Sid Lipton
Anna Rose
George (Kip) F. Sprague
Joseph Tinney
Harry Coffey
Don Ross

Executive Staff

Mary Stompe, *Executive Director*
David Prince, *Director of Finance*
Dominic Roybal, *Director of Property Management & Compliance*
Jim Wallen, *Director of Development*
Sharon Redman-Patchin, *Director of Human Resources*
Pam Lemos, *Director of Maintenance*

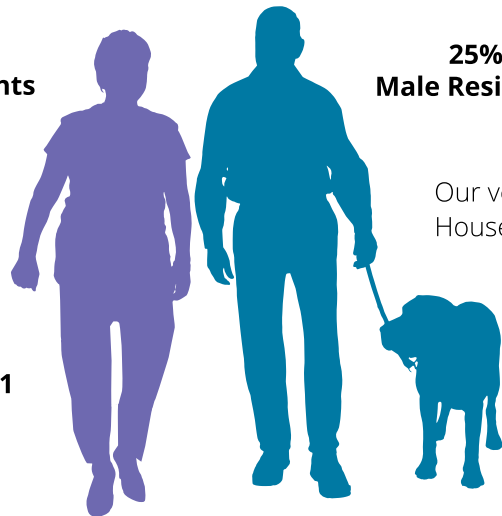
PEP has 19 Senior Communities



710 Total Residents

75% Female Residents

25% Male Residents



Ages: Female & Male
Average Age: 77
Our Oldest Resident: 101

43 Veterans

Our very first Veterans property, Sun House in Ukiah opened August 2017

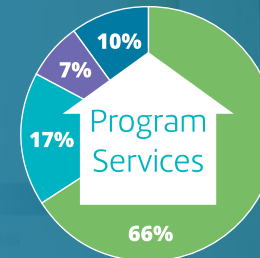
PEP is pet-friendly!
113 of our residents are pet owners or have service animals

What are some of the activities that our residents can participate in?

- Qigong
- Tai Chi
- Blood Pressure Clinic
- Piano Music
- Advance Health Care Directives
- Bingocize
- Bread and Roses concerts
- Nutrition and Activities Class
- In Our Own Voice
- Medicare for 2020
- HICAP presentation
- Monthly food distribution
- CalFresh
- Socials
- Flu Shot Clinic
- Diabetes Health
- Fall Prevention
- Cannabinoid Information and California Law
- Senior Drive Safe
- Recycling Solutions
- Emergency Preparedness
- Farmers Market Voucher Distribution
- Matter of Balance
- Type 2 Diabetes
- Kaiser Advantage Program
- IHSS
- Caregiving Employment
- Stroke Awareness
- Clipper Card Presentation
- Vial of Life
- Service Coordination, and more...

2019 Services provided by Resident Service Coordinators:

- Advocacy: 33
- Assessment: 118
- Benefits/Entitlements/Insurance: 1542
- Case Management: 5
- Conflict Resolution: 71
- Crisis Intervention/Support Counseling: 418
- Education/Employment: 375
- Fair Housing and Civil Rights Assistance: 3
- Family Support: 23
- General Information and Referral: 1269
- Health Care/Services: 1190
- Home Management: 241
- Homemaker Services: 126
- Isolation Intervention: 1084
- Lease Education: 24
- Legal Assistance: 39
- Meals: 505
- Mental Health Services: 45
- Monitoring Services: 535
- Outreach: 1870
- Resident/Tenant Councils: 86
- Tax Preparation Services: 72
- Transfer to Alternative Housing or Hospital: 7
- Transportation: 104
- Other: 372

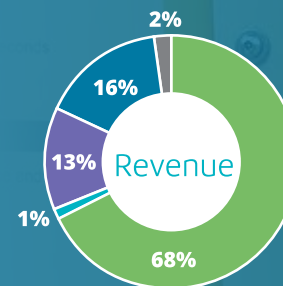


Program Services

66%	Resident Services & Program Operations	\$4,746,543
17%	Maintenance	\$1,207,555
7%	Utilities	\$487,882
10%	Taxes, Interest & Insurance	\$685,372
	Total	\$7,127,352

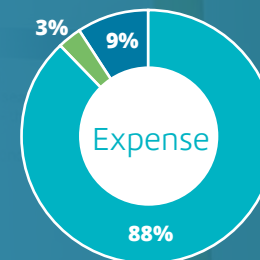
COMBINED STATEMENT OF ACTIVITIES

Revenue



68%	Rental Property Income	\$4,421,236
1%	Outside Property Management Fees	\$60,844
13%	Grants, Donations & Fundraising	\$815,676
16%	Net Assets Released From Donor Restrictions	\$1,028,586
2%	Other	\$167,991
	Total Revenue	\$6,494,333

Expense



88%	Program Services	\$4,573,232*
3%	Fundraising & Advocacy	\$130,712
9%	Management & General	\$485,531
	Total Expenses	\$5,189,475

* Excludes Depreciation & Amortization



Who has a seat at the table – Our Board Members

IRS Manager • Banker – 2 • Pharmacist • Physician • Contractor • PEP Resident • Attorney
Mortgage Broker • Merger Acquisitions Broker
Average tenure on the Board: **11 years**

Employment at PEP

Employee age range: **24-73** • Longest years employed: **17**

Years employed at PEP

10 YEARS OR MORE

15 YEARS OR MORE

7 employees

3 employees



Daniel Drive Apts - 5 units

Our first community in 1980. A very small community in a peaceful setting, homey and sweet. Petaluma CA | Built - 1980



Fisher Senior Apts II - 10 units

A quiet setting, set back from the street, very peaceful and comfortable. Petaluma CA | Built - 1984



Lindberg Lane Apts - 16 units

A very comfortable community with a spirited group of residents who care about one another. Petaluma CA | Built - 1986



Fisher Senior Apts I - 6 units

A charming private, quiet location housing a close-knit community. Petaluma CA | Built - 1988



Mountain View Apts - 24 units

Twenty 1-bedroom apartments and four 2-bedroom apartments designed for those with disabilities. Petaluma CA | Built - 1991



1405 Caulfield Lane Apts - 22 units

A strong and supportive group of residents enjoy this comfortable community which showcases the outdoors with garden courtyards. Petaluma CA | Built - 1992



575 Vallejo St. Apts - 45 units

A community where neighbors can often be found helping neighbors in a myriad of ways. Petaluma CA | Built - 1994



579 Vallejo St. Apts - 40 units

Community is a hub of many diverse activities throughout the day and early evening hours. Petaluma CA | Built - 1998



Edith Street Apts - 23 units

A warm and comforting feeling of home at this small community. Petaluma CA | Built - 2001



Richard Lieb Apts - 23 units

Named for a longtime PEP Housing advocate, this community is home to happy and supportive residents. Petaluma CA | Built - 2004



1400 Caulfield Lane - 2 units

A charming, quaint, and small community with a close knit and friendly group of residents. Petaluma CA | Built - 2006



Casa Grande Senior Apts - 58 units

2-story community near a school offers opportunities for student collaborations and features garden beds, a dog run & solar panels. Petaluma CA | Built - 2008



Toussin Senior Apts - 13 units

Beautiful Marin County views of Mt. Tamalpais from this 2-story community. Solar panels. Kentfield CA | Built - 2011



Acacia Senior Apts - 44 units

A comfortable 3-story building is home to a very confident group of residents. Solar panels. Santa Rosa CA | Built - 2012



Kellgren Senior Apts - 50 units

Beautiful three-story community features community room, garden beds, a dog run & solar panels. Petaluma CA | Built - 2014



Orange Tree Senior Apts - 50 units

Downtown Oroville neighborhood is convenient to amenities and features garden beds and a dog run. Oroville CA | Built - 2014



Sun House Senior Apts - 42 units

Featuring a dog run, garden beds & solar panels. Ukiah CA | Built - 2017



Burbank Heights & Orchards - 198 units

This garden-style property has lush landscaping and community gardens. Sebastopol CA | Burbank Heights - Built 1975 • Orchards Built - 1992