

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: REBECCA LANE, HOUSING AND COMMUNITY SERVICES  
MANAGER  
SUBJECT: HOUSING AND COMMUNITY SERVICES  
REQUEST TO ALLOCATE A MAXIMUM OF TWELVE (12)  
VETERANS AFFAIRS SUPPORTIVE HOUSING VOUCHERS FOR  
THE NEW DYNAMIC INN UNDER A TEN-YEAR PROJECT-  
BASED HOUSING ASSISTANCE PAYMENTS CONTRACT  
SUBJECT TO FINAL APPROVAL FROM THE DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve the allocation of a maximum of twelve (12) Veterans Affairs Supportive Housing (VASH) vouchers under a ten-year Project-Based Housing Assistance Payments (HAP) contract for the New Dynamic Inn. The final HAP Contract will be subject to approval from the Department of Housing and Urban Development (HUD) per Public and Indian Housing (PIH) Notice 2015-10.

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EXECUTIVE SUMMARY

The HUD-Veterans Affairs Supportive Housing (VASH) Vouchers for Sonoma County are allocated to the City of Santa Rosa Housing Authority. Under an existing agreement with the Sonoma County Housing Authority, the City of Santa Rosa administers the VASH vouchers outside Santa Rosa city limits.

The New Dynamic Inn is an existing but currently vacant property in downtown Guerneville. The property previously operated as a hotel. The owner, MP Dhillon, LLC, proposes to rehabilitate the building into permanent supportive housing for veterans. The Veterans Administration (VA) representatives from the VASH program strongly support dedicated housing for veterans in the West County.

MP Dhillon, LLC applied for Project-Based Vouchers under the open HUD-VASH Request for Proposals.

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BACKGROUND

The Project-Based Voucher (PBV) program is a component of the Housing Choice Voucher (HCV) program. Under this program, a Public Housing Authority can attach up to 20 percent of its voucher assistance to specific housing units.

In PIH Notices 2011-50 and 2015-10, HUD authorized PHAs participating in the VASH program to Project-Base VASH vouchers on a case-by-case basis with approval from HUD when voucher holders are facing challenges in the local rental market. The low vacancy rates and rent costs in Sonoma County have presented significant challenges to Veterans attempting to use HUD-VASH vouchers. The utilization rate for the program is currently 75 percent.

The Housing Authority approved the release of a Request for Proposals (RFP) for Project-Based VASH Vouchers in 2015 with up to 100 vouchers available. To date, six vouchers have been allocated under the RFP. An application for a separate project requesting an additional 55 vouchers has recently been received and is in preliminary review stages.

The New Dynamic Inn proposal (Proposal) was reviewed by a committee consisting of two Housing Authority commissioners and a representative from the VA. The Proposal was unanimously recommended by the review committee for approval from the Housing Authority.

The VASH vouchers allocated to the City of Santa Rosa are tenant-based. The conversion of any tenant-based VASH vouchers to Project-Based VASH is subject to approval from HUD. The Housing Authority approval of the Proposal will authorize staff to submit a request to HUD, and if permitted by HUD, enter into the appropriate Housing Assistance Payments (HAP) contracts as required under the PBV regulations at 24 CFR Part 983.

PRIOR HOUSING AUTHORITY REVIEW

Not Applicable

ANALYSIS

The property located at 14030 Mill Street in Guerneville is owned by MP Dhillon, LLC and formerly operated as a hotel. MP Dhillon, LLC is a family-owned company that operates several rental properties and markets in Northern California. MP Dhillon, LLC proposes to rehabilitate the existing New Dynamic Inn from a hotel into a minimum of nine and a maximum of twelve permanent supportive housing units, with the final

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number subject to determination from the project's architect and from Sonoma County Permit and Resource Management Department. The project will consist of studio apartments with private bathrooms and kitchenettes, with a larger common kitchen available to residents on-site. The project will include office space for supportive services to be provided on-site. The project is expected to be ready for occupancy by November 2017.

The proposal meets the requirements of the PBV regulations at 24 CFR 983, and meets the requirements in PIH Notices 2011-50 and 2015-10 for HUD approval of a VASH PBV conversion, including support from the VA.

#### FISCAL IMPACT

The City of Santa Rosa Housing Authority has an existing Project-Based Voucher program. Twelve additional vouchers awarded to this project would bring the total PBV program size to approximately 6.7% of the total HCV budget. Initial contract rents for the units are expected to be set at the payment standard in place at the time of occupancy, subject to rent reasonableness determination.

#### ENVIRONMENTAL IMPACT

The project is considered existing housing under the HUD guidelines and not subject to environmental review. The necessary reviews to convert the use of the property from commercial to residential is underway with the Sonoma County Permit and Resource Management Department.

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

A subcommittee of two Housing Authority commissioners and one VA representative met to review the New Dynamic Inn proposal on June 26, 2017 and recommended that the proposal move forward for approval from the Housing Authority.

#### NOTIFICATION

Not applicable.

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#### ATTACHMENTS

- Attachment 1 – Funding Request for New Dynamic Inn
- Resolution

#### CONTACT

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