

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: NICOLE RATHBUN, PROGRAM SPECIALIST  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: FISCAL YEAR 2021-2022 FOCUSED NOTICE OF FUNDING  
AVAILABILITY – FUNDING RECOMMENDATIONS

AGENDA ACTION: RESOLUTIONS

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RECOMMENDATION

It is recommended by the Housing Authority Ad-Hoc Review Committee and the Housing and Community Services Department that the Housing Authority, by resolutions, approve a conditional commitment of loan funds to: 1) Freebird Development Company, LLC, in the amount of \$5,800,000 for construction-related costs for the Bennett Valley Apartments project at 702 and 716 Bennett Valley Road and 921 and 927 Rutledge Avenue; and 2) Mid-Peninsula The Farm, Inc. in the amount of \$2,900,000 for acquisition-related costs for the Mahonia Glen project at 5173 Highway 12 in Santa Rosa.

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EXECUTIVE SUMMARY

In response to the Fiscal Year 2021-2022 Focused Notice of Funding Availability (“NOFA”) announcing approximately \$8,900,000 of funds for affordable housing, the Housing Authority received seven applications requesting \$23 million for 454 total units. Five applications were received for new construction projects and two applications were received for rehabilitation and/or acquisition projects. The projects were evaluated and ranked based on project readiness, affordability, bedroom size, special needs set asides, leveraging, project competitiveness, developer and management experience, services and amenities, and other factors. A detailed list of the ranking criteria and the point system were included with the NOFA solicitation which is included as Attachment 1. The timeline for the NOFA was expedited in an effort to position projects applying for bonds from the California Debt Limit Allocation Committee (CDLAC) in May 2021. A Housing Authority Ad-Hoc Review Committee comprised of Commissioners Olsen and Test met on April 29, 2021 to review the projects and scoring details. Bennett Valley Apartments project was ranked first by earning 82% of the total possible points, and the Mahonia Glen project was ranked second by earning 77% of total possible points.

BACKGROUND

The Fiscal Year 2021-2022 Focused NOFA was published on March 29, 2021 with project applications due on April 16, 2021 (see Attachment 1). As communicated in the NOFA, approximately \$8,900,000 of funds are available as a result of a prior \$4,200,000 award being returned, in addition to the annual allocation of local and federal funds. The NOFA funds are comprised of approximately \$5,800,000 of Local Funds, \$2,900,000 of Community Development Block Grant (CDBG) funds, and \$231,000 in HOME Community Housing Development Organization (CHDO) funds.

The NOFA was drafted in anticipation of the upcoming May 2021 deadline for bond applications to CDLAC. Seven applications were received, five for new construction projects and two for rehabilitation and/or acquisition. The requests totaled approximately \$23 million for 454 affordable housing units, far surpassing the Local Funds and CDBG funds available. No applications were received for the \$231,000 of HOME-CHDO funds.

Project applications were scored using a point system as follows:

- Readiness (if applicable)– up to 10 points
- Affordability – up to 20 points
- Bedroom Sizes – up to 10 points
- Special Needs Set Aside Units – up to 10 Points
- Leveraging – up to 10 points
- Project Competitiveness (CDLAC/TCAC/MHP scoring if applicable) – up to 10 points
- Developer/Manager Experience – up to 15 points
- Services and Amenities – up to 10 points
- Other Factors – up to 5 points

A Housing Authority Ad-Hoc Review Committee comprised of Commissioners Olsen and Test met on April 29, 2021 to review the projects and scoring details and developed the funding recommendations.

### ANALYSIS

The Fiscal Year 2021-2022 NOFA resulted in seven project applications which were scored and ranked. The five new construction projects were scored out of 100 points possible; the two rehabilitation and/or acquisition projects were scored out of 80 points possible. The status of planning entitlements (Readiness) and state funding source self-scoring (Project Competitiveness) categories are not applicable categories to apply to rehabilitation and acquisition projects, resulting in these categories being omitted from the scoring of the two rehabilitation/acquisition project applications. Rehabilitation projects are not subject to the planning entitlement process, typically only building permits are required. Additionally, the financial structure of the rehabilitation and acquisition projects did not include any state funding sources upon which to self-scores were applicable and available to assess. Due to this point scale adjustment and

following the direction of the Ad-Hoc Review Committee, the project applications are scored based on the percentage of points earned out of the total points possible for each project type. A summary of the project applications and their scores is provided below.

<b>Santa Rosa Housing Trust 2021-2022 Focused NOFA Application Summary</b>									
Project Name	Project Address	Applicant	Council District / Quadrant	Total Units	Type of Development	Targeted Demographic	HA Loan Amount Requested	Score	Rank
<b>Bennett Valley Apartments</b>	702 Bennett Valley Road	Freebird Development & Allied Housing	District 1; Alvarez SE Quadrant	62	New Construction; Multifamily Rental	Families; 51% Formerly Homeless with PSH	\$5,800,000	82%	1
<b>Mahonia Glen</b>	5173 Highway 12	MidPen Housing (MP One Calistoga)	District 3; Tibbits; NE Quadrant	99	New Construction; Multifamily Rental	Targeted Demographic: Families, Homeless (5%), Farmworkers (44%)	\$2,900,000	77%	2
<b>Vigil Light Apartments</b>	1945 Long Drive	Petaluma Ecumenical Properties	District 4; Fleming; NE Quadrant	49	Rehabilitation; Acquisition; Preservation of affordable housing	Targeted Demographic: Seniors	\$1,500,000	76%	3
<b>Acme Apartments</b>	1885 & 1905 Sebastopol Rd	Milestone Housing & Pacific Housing Inc.	District 1; Alvarez SW Quadrant	77	New Construction; Multifamily Rental	Targeted to families & potentially to residents with disabilities (11% of units) no PSH	\$1,750,000	74%	4
<b>Parkwood Apartments</b>	6899 Montecito Blvd	Burbank Housing Development Corporation	District 3; Tibbits; NE Quadrant	55	Rehabilitation; Conversion from market rate to affordable; Multifamily Rental	Targeted Demographic: Families	\$750,000	68%	5
<b>Hearn Veterans Village</b>	2149 West Hearn Ave	Community Housing Sonoma County	District 7; N Rogers; SW Quadrant	32	New Construction; Multifamily Rental	Targeted Demographic: Veterans, Special Needs, Homeless	\$3,989,243	62%	6
<b>Ponderosa Village</b>	250 Roseland Ave	Danco Group (Johnson & Johnson Investments, and Community Revitalization and Development Corporation)	District 1; Alvarez SW Quadrant	80	New Construction	Targeted Demographic: Families	\$4,200,000	55%	7

## **SUMMARY OF RECOMMENDED PROJECTS**

### ***Bennett Valley Apartments***

**Project Description.** A 63-unit, apartment development for individuals and families with studio, one-bedroom, two-bedroom, and three-bedroom units. The unit affordability mix is: 32 units targeted to households with incomes up to 30% of Area Median Income (“AMI”), 29 units targeted to household incomes up to 50% AMI, and one unrestricted manager unit. Over half of the units, (51%) will be targeted for formerly homeless persons and families, which will be referred by the current Coordinated Entry system utilized for other permanent supportive housing units in Santa Rosa.

The project is located at 702 Bennett Valley Road, the site of the former Bennett Valley Senior Center Complex that was identified by the Santa Rosa City Council in 2019 to be developed for affordable and/or permanent supportive housing for formerly homeless. The Bennett Valley Apartments Project Summary is included as Attachment 2.

**Application Scoring.** The Bennett Valley Apartments project ranked first among the seven project applications received with a score of 82% (82 out of 100 points possible), across the nine scoring categories identified in the NOFA solicitation.

- Readiness: Score 10 out of 10.
  - The project is fully entitled and received its approval letter from the Planning and Economic Development Department through the SB-35 ministerial approval process. Permits are ready to be issued following the award of funds.
- Affordability: Score 18 out of 20.
  - The project provides a majority of the units (52%) to extremely low-income households at or below 20% of AMI.
- Bedroom Size: Score 5 out of 10.
  - Out of the 62 restricted units, 37% of the units are 2-bedroom or larger.
- Special Needs Set Asides: Score 8 out of 10.
  - A majority of the units (51%) are reserved for formerly homeless individuals and families.
- Leveraging: Score 8 out of 10.
  - The funding requested from the Housing Authority is 14% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
  - The project's self-score for state tax credits from the California Debt Limit Allocation Committee (CDLAC) was 99% of the total points possible; for the California Department of Housing and Community Development (HCD) Multifamily Housing Program (MHP) the project had a self-score of 100% of the total points possible and is anticipated to be competitive for both funding sources.
- Developer & Management Experience: Score 12 out of 15.
  - Freebird Development Co. LLC, and Allied Housing, Inc. have four completed projects in the region, five projects currently in predevelopment, and individually have significant development and management experience in other areas.
- Services & Amenities: Score 6 out of 10.
  - The site is located within 0.8 miles of grocery and retail, has access to transit via an existing transit stop for City Bus Routes 18 and 5 within 0.1 miles of the site. On-site amenities include a laundry room, community room, property management office, social services office, a

- children’s play area, outside seating areas, barbeque area, recreational community gardens, vehicle and bicycle parking.
- The project offers significant on-site services, including Permanent Supportive Housing services with a full-time Clinical Case Manager, a full-time Services Coordinator, and additional Program Manager support on-site to provide resident services for the formerly homeless individuals and families. Formerly homeless residents will be able to take advantage of on-site services including clinical assessments, counseling, and case conferencing, and off-site primary health care services. On-site services available to all residents include individual service plan development, case management, housing stability support, health education, recreational activities, community-building activities, financial literacy, computer training, employment assistance, and conflict resolution and mediation. Off-site vocation training will be available to all residents as well.
- Other Factors: Score 5 out of 5.
  - The location of the project is the City-owned property that was formerly used as the Bennett Valley Senior Center Complex. The Santa Rosa City Council designated this site to be developed for affordable and/or permanent supportive housing and the City of Santa Rosa has executed an Exclusive Negotiation Agreement with the developer for the site’s development.

**Loan Terms.** The loan amount is \$5,800,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the Deed of Trust. The term of affordability required by the Housing Authority Regulatory Agreement will be 55 years from the date of initial occupancy.

**Environmental.** The project is exempt from CEQA; the NEPA Environmental Assessment has been completed.

## ***Mahonia Glen***

**Project Description.** A 99-unit, multifamily apartment development with one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 26 units targeted to households with incomes up to 30% of AMI, 22 units targeted to household incomes up to 50% AMI, 50 units targeted to household incomes up to 60% AMI and one unrestricted manager unit. Five of the units will be dedicated to formerly homeless persons and 43 units are targeted to farmworkers and their families, in alignment with a pending funding source through HCD’s Joe Serna, Jr. Farmworker Housing Grant Program.

The project is located at 5173 Highway 12, the former site of the Prickett's Nursery at the corner of Highway 12 and Calistoga Road in the Rincon Valley neighborhood of Santa Rosa. The Mahonia Glen Project Summary is included as Attachment 3.

**Application Scoring.** The Mahonia Glen project ranked second out of the seven project applications received with a score of 77% (77 out of 100 points possible), across the nine scoring categories identified in the NOFA solicitation.

- Readiness: Score 10 out of 10.
  - The project is fully entitled and received its approval letter from the Planning and Economic Development Department through the SB-35 ministerial approval process. Permits are ready to be issued following the award of funds.
- Affordability: Score 9 out of 20.
  - The project provides less than 50% of the units to extremely low- and very low-income households at or below 30% and 50% of AMI. Over half of the units (51%) are designated for households at 60% of AMI or less.
- Bedroom Size: Score 6 out of 10.
  - Out of the 98 restricted units, 57% of the units are 2-bedroom or larger.
- Special Needs Set Asides: Score 8 out of 10.
  - Five (5) of the units are designated for formerly homeless individuals and 43 units are targeted to farmworkers and their families. Combined, these special needs units comprise 49% of the total restricted units.
- Leveraging: Score 10 out of 10.
  - The funding requested from the Housing Authority is 4% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
  - The project's self-score for state tax credits from the California Debt Limit Allocation Committee (CDLAC) was 100% of the total points possible and is anticipated to be competitive during the upcoming funding round.
- Developer & Management Experience: Score 14 out of 15.
  - Mid-Peninsula The Farm, Inc. (Mid-Pen Housing), has significant experience in the larger bay area region, numerous projects completed and leased up.
- Services & Amenities: Score 10 out of 10.

- The site is located within 0.1 miles of grocery and retail, with the Saint Francis Shopping Center across the street from the site. Residents will have access to transit via an existing transit stop for City Bus Routes 4 and 4b and County Transit Routes 30 and 34 also within 0.1 miles of the site. On-site amenities include community room, laundry room, bicycle storage, children’s play area, community lawn, and on-site parking.
- The project offers on-site services, including one full-time Services Coordinator to oversee support and adult educational programs, provide referrals to residents, crisis intervention and mediation.
- Other Factors: Score 0 out of 5.
  - The site of the project is not on City-owned property and the project has not received prior funding commitments from the City of Santa Rosa, the Housing Authority of the City of Santa Rosa, the County of Sonoma, or the Renewal Enterprise District.

**Loan Terms.** The loan amount is \$2,900,000. The terms include three percent (3%) simple interest per annum deferred for fifty-five (55) years, secured by a deed of trust, and payments based on residual receipts. Interest shall commence with the recordation of the deed of trust. The term of affordability through Regulatory Agreements will be 55 years from the date of initial occupancy.

**Environmental.** The project is exempt from CEQA; the NEPA Environmental Assessment is not yet complete.

### ***PROJECTS NOT RECOMMENDED FOR FUNDING***

Five projects are not recommended for funding at this time. The project applications for rehabilitation and acquisition costs were scored out of 80 points total, new construction project applications were scored out of 100 points total with two additional categories, Readiness (status of planning entitlements) and Project Competitiveness (self-scores for other state funding applications as applicable).

- Vigil Light Apartments: Scored 76% (61 out of 80 applicable points total)
- Acme Apartments: Scored 74% (74/100 applicable points total)
- Parkwood Apartments: Scored 68% (54 out of 80 applicable points total)
- Hearn Veterans Village: Scored 62% (62 out of 100 applicable points total)
- Ponderosa Village: Scored 55% (55 out of 100 applicable points total)

### PRIOR HOUSING AUTHORITY REVIEW

On March 22, 2021 the Housing Authority held a Study Session to receive information about the NOFA process, the scoring methodology and categories, and provided direction on the project application scoring process.

### ARTICLE XXXIV

Article 34 of the California Constitution applies to low rent housing that is developed, constructed or acquired by a public entity or by private developers who receive federal, state or local assistance. Article 34 allocations will be required for both recommended projects.

- Bennett Valley Apartments requires an allocation of 61 units; and
- Mahonia Glen requires an allocation of 98 units.

### FISCAL IMPACT

The funds are included in the Housing Authority's 2021-2022 budget.

### ENVIRONMENTAL IMPACT

**Bennett Valley Apartments.** The project is exempt from the California Environmental Policy Act ("CEQA") under Senate Bill 35 (SB-35), Government Code Section 65913.4. A National Environmental Policy Act ("NEPA") Environmental Assessment has been completed for the project.

**Mahonia Glen.** The project is exempt from the California Environmental Policy Act ("CEQA") under Senate Bill 35 (SB-35), Government Code Section 65913.4. The loan is subject to completion of a National Environmental Policy Act ("NEPA") Environmental Assessment for use of Community Development Block Grant (CDBG) funds.

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

Not Applicable.

### NOTIFICATION

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

### ATTACHMENTS

- Attachment 1 – Notice of Funding Availability
- Attachment 2 – Bennett Valley Apartments Project Summary



- Attachment 3 – Mahonia Glen Project Summary
- Resolution Bennett Valley Apartments
- Resolution Mahonia Glen

## CONTACT

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