

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL RESERVATION OF AFFORDABLE HOUSING INCENTIVE FUND PILOT PROGRAM FUNDING IN THE AMOUNT OF \$500,000 TO ATHENA HOUSING ASSOCIATES, LP, TO ASSIST WITH THE DEVELOPMENT OF 20 EXTREMELY LOW-INCOME RENTAL UNITS, LOCATED AT 3331 SONOMA HIGHWAY (APN 181-120-034)

WHEREAS, the City of Santa Rosa (the “City”) faces a significant housing shortage, particularly housing available for moderate-income and lower income families; and

WHEREAS, to increase housing production, the Council unanimously accepted a Housing Action Plan with a goal of Housing for All on June 7, 2016; and

WHEREAS, as an early step in implementing the Housing Action Plan, the Council adopted Resolution No. 28878 on November 1, 2016, approving and initiating an Affordable Housing Incentive Fund Pilot Program (“AHIFPP”), funded with \$3 million from General Fund Reserves; and

WHEREAS, the AHIFPP objective is to incentivize the production or preservation of the most affordable housing in the shortest timeframe, utilizing the least amount of City funds, targeted to the lowest income level for the longest time period; and

WHEREAS, the City issued a Notice of Funding Availability on November 17, 2016, announcing the availability of \$3 million of AHIFPP funds; and

WHEREAS, the City received eight applications seeking all or part of the \$3 million on or before the deadline of December 22, 2016, for a total request of over \$16 million to assist with the development or rehabilitation of 325 units; and

WHEREAS, funding recommendations were made by a review team consisting of Vice-Mayor Tibbetts, Councilmember Rogers and staff from the Housing and Community Services Department, Planning and Economic Development Department, and the City Attorney’s Office; and

WHEREAS, Athena Housing Associates, LP, (the “Developer”) proposes to develop Stonehouse Family Housing, located at 3331 Sonoma Highway (APN 181-120-034) (the “Property”), with 20 rental units to provide a stable and supportive aftercare living environment for extremely low-income (up to 30% of area median income) women who have graduated from Athena treatment/recovery program located on the adjacent parcel (the “Project”); and

WHEREAS, the Developer requests a loan of AHIFPP funds in the amount of \$500,000 to assist with pre-development and development costs for the Project and to provide incentive to other funding sources to support the Project; and

WHEREAS, the review team recommends AHIFPP funding for a loan to Stonehouse Family Housing in the amount of \$500,000 (the “Stonehouse AHIFPP Funding”); and

WHEREAS, Stonehouse AHIFPP Funding meets program goals by providing housing for the lowest income category; and

WHEREAS, the Project is consistent with General Plan 2035 Housing Element Policies: H-A-2, H-C-5, H-C-8 and H-D-10; and

WHEREAS, an allocation of Article XXXIV units will be made when the AHIFPP funds are fully committed; and

WHEREAS, environmental review pursuant to the California Environmental Quality Act (“CEQA”) has not been completed, and, shall among other conditions, be completed prior to final commitment of the Stonehouse AHIFPP Funding; and

WHEREAS, on May 23, 2016, the City Council considered the recommendations of the application review team, the staff report, presentation, comments from the public and applicants.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby approves a reservation of AHIFPP loan funds in the amount of \$500,000 to assist Athena Housing Associates, LP, with pre-development and development costs of the Project and to provide incentive to other funding sources to support the Project, subject to the fulfillment of each condition listed below:

- 1) The Developer shall complete environmental review under CEQA, ~~and demonstrating~~, to the satisfaction of the City; that the Project, mitigated as appropriate, will not have significant environmental effects;
- 2) The Developer shall obtain all development entitlements;
- 3) Evidence, satisfactory to the City, that the applicant has received all necessary funding to construct the project;
- 4) The Developer shall commence construction of the Project no later than June 30, 2018, unless this date is extended by the Housing and Community Services Director;
- 5) The loan for the Project shall be due and payable in full if construction is not completed by June 30, 2019, unless this date is extended by the Housing and Community Services Director;
- 6) Loan terms shall be three percent (3%) simple interest per annum for a 55-year term with deferred payments and payment to the City of residual receipts;

- 7) Execution (and recordation as applicable) of a loan agreement, promissory note, regulatory agreement, and/or other agreements with the City in a form approved by the City Attorney.

BE IT FURTHER RESOLVED that the Council hereby authorizes the Housing and Community Services Director or his designee to execute agreements with the Developer and homebuyers related to the Project, consistent with this Resolution, including, but not limited to, loan agreement, regulatory agreement, reconveyances, subordination agreements, and assignment and assumption agreements and/or other agreements and notices in a form approved by the City Attorney.

BE IT FURTHER RESOLVED that the Council hereby authorizes the Chief Financial Officer to pay all claims for the loan in an amount not to exceed \$500,000, subject to the fulfillment of all the conditions set forth above, from the following Key Number (or as otherwise determined by the City Manager or his designee).

Fund	Key	Source	Amount
2130	42122	Operating Reserve Fund	\$500,000
Total Amount			\$500,000

IN COUNCIL DULY PASSED this 23rd day of May, 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney