

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: NICOLE RATHBUN, INTERIM HOUSING AND COMMUNITY SERVICES MANAGER
HOUSING AND COMMUNITY SERVICES
SUBJECT: FALL 2021 NOTICE OF FUNDING AVAILABILITY – FUNDING RECOMMENDATIONS

AGENDA ACTION: RESOLUTIONS

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 1) a conditional commitment of loan funds to Community Housing Sonoma County in the amount of \$410,000 for acquisition and predevelopment-related costs for the Hearn Veterans Village project located at 2149 West Hearn Avenue; and 2) a commitment of loan funds to WSA Burbank Housing Partners I, LP in the amount of \$284,325 for construction-related costs for the Burbank Avenue Apartments project located at 1780 Burbank Avenue.

EXECUTIVE SUMMARY

The Fall 2021 Notice of Funding Availability (“NOFA”) announced approximately \$2,260,000 of funds for affordable housing production in Santa Rosa, containing \$625,325 from the Permanent Local Housing Allocation (PLHA) program and \$1,565,675 from the HOME Investment Partnership program (HOME). The Housing Authority received two applications requesting \$2,670,000 for 96 total units. The projects were evaluated and ranked based on project readiness, affordability, bedroom size, special needs set asides, leveraging, project competitiveness, developer and management experience, on-site services, amenities, and other factors. A detailed list of the ranking criteria and the point system were included with the NOFA solicitation (Attachment 1). The timeline for the NOFA was expedited in an effort to meet the program requirements of the PLHA program funds that were included in this NOFA. A Housing Authority Ad-Hoc Review Committee comprised of Commissioners McWhorter and Rawhouser, and Chair Test met on November 18, 2021 to review the project applications and scoring details. The Hearn Veterans Village project scored 80 out of a possible 100 points and was the top-ranked application. The Burbank Avenue Apartments project scored 78 out of 100 points possible and was the second-ranking

application. Both the Hearn Veterans Village project and the Burbank Avenue Apartments project are eligible to receive PLHA funds. No applications were received for projects that are currently eligible to receive the HOME funds, due to the requirements of the HOME program that all other funding sources must be committed to a project prior to an award of HOME funds.

BACKGROUND

The Fall 2021 NOFA was published on October 1, 2021 with project applications due on October 22, 2021 (see Attachment 1). As communicated in the NOFA, approximately \$2,260,000 of funds are available from the PLHA and HOME programs, combined. The NOFA funds are comprised of approximately \$694,325 in PLHA program funds and \$1,565,675 in HOME program funds.

The NOFA was drafted and solicited this fall to meet the PLHA program requirements to commit the inaugural allocation of \$694,325 in PLHA funds to eligible projects by December 31, 2021. Future funding from the PLHA program may be combined in the annual NOFA process each year in the spring. Two applications were received, both for new construction projects. While the amount of funds initially requested between the two applications was \$2,670,000, both projects were only eligible for the PLHA program funds. To award HOME program funds to a project, the project must have all other funding sources committed and be able to begin construction within twelve months. Neither project met these requirements at this time, resulting in both applications applying for the \$694,325 available in PLHA 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 8 points
- Special Needs Set Aside Units – up to 12 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
- On-Site Services - up to 7 points
- Amenities – up to 3 points
- Other Factors – up to 5 points

A Housing Authority Ad-Hoc Review Committee comprised of Commissioners McWhorter, Rawhouser, and Chair Test met on November 18, 2021 to review the project applications and scoring details and developed the funding recommendations.

ANALYSIS

The Fall 2021 NOFA resulted in two project applications which were scored and ranked

out of a possible 100 points total. A summary of the project applications and their scores is provided below.

<p style="text-align: center;">Santa Rosa Housing Trust Fall 2021 NOFA Application Summary</p>									
Project Name	Project Address	Applicant	Council District / Quadrant	Total Units	Type of Development	Targeted Demographic	HA Loan Amount Recommended	Score	Rank
Hearn Veterans Village	2149 West Hearn Ave	Community Housing Sonoma County	District 7; N Rogers; SW Quadrant	32	New Construction	Homeless Veterans	\$410,000	80	1
Burbank Avenue Apartments	1780 Burbank Ave	WSA Burbank Housing Partners I, LP	District 1; Alvarez SW Quadrant	64	New Construction	Families; Homeless	\$284,325	78	2
Total							\$694,325		

SUMMARY OF RECOMMENDED PROJECTS

Hearn Veterans Village

Project Description. A 32-unit permanent supportive shared housing development targeting homeless veterans, with studio units and shared community spaces. The development will be comprised of four single family residences each having six studio bedroom units connected to a communal living area with a detached Accessory Dwelling Unit (ADU) that has two studio bedroom units attached to communal space. The unit affordability mix includes thirty-one (31) units targeted to individuals with incomes up to 30% of Area Median Income (“AMI”) and one unrestricted manager unit. All of the thirty-one (31) restricted units will be targeted for homeless veterans.

The project is located at 2149 West Hearn Avenue in the Southwest quadrant of Santa Rosa, adjacent to the existing West Hearn project (Hearn House) project, a fifteen (15) bed transitional housing for veterans. The Hearn Veterans Village Project Summary is included as Attachment 2.

Application Scoring. The Hearn Veterans Village project ranked first among the two project applications received, with a score of 80 out of 100 points possible, across the ten scoring categories identified in the NOFA solicitation.

- Readiness: Score 3 out of 10.
 - At the time of application, the project’s Planning Division entitlement application was under review by the Planning and Economic Development Department. The project is scheduled to be reviewed at

the December 9, 2021 Planning Commission meeting; the results of which were not available before this staff report was drafted.

- Affordability: Score 20 out of 20.
 - The project provides 100% of the restricted units to extremely low-income households at or below 30% of AMI.
- Bedroom Size: Score 0 out of 8.
 - All of the units are studios.
- Special Needs Set Asides: Score 12 out of 12.
 - All of the restricted units (100%) are targeted to homeless veterans.
- Leveraging: Score 10 out of 10.
 - The funding currently requested from the Housing Authority is 3% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
 - The project is anticipated to be funded by a future award from the California Housing and Community Development (HCD) Veterans Housing and Homelessness Prevention (VHHP) program, along with tax credits from the California Tax Credit Allocation Committee (CTCAC). The VHHP program has been undersubscribed in recent years and functions as an “over the counter” application process for funding in which projects meeting or exceeding a minimum eligibility score are fully funded. The project’s self-score is 127.5 out of 145 total points possible, far exceeding the 110-point minimum eligibility score. The project is also anticipated to be funded by tax credits, with a self-score of 119 out of 120 total points possible.
- Developer & Management Experience: Score 14 out of 15.
 - Community Housing Sonoma County has several completed projects in Santa Rosa and the larger region. Current compliance efforts are underway on three of the developer’s projects in Santa Rosa to ensure reporting compliance requirements are being met.
- On-Site Services: Score 7 out of 7.
 - The project offers significant on-site services, including Permanent Supportive Housing services with on-site property management, case management via 1.375 Full Time Equivalent (FTE) social worker and support staff, on-site peer managers, mental health services, benefits counseling, financial and debt counseling, life skills and meal support services. Additional services will be provided and referred to off-site.
- Amenities: Score 3 out of 3.

- A community park and a transit stop are located within one half mile of the site location, with retail and grocery available just over one mile from the site.
- Other Factors: Score 1 out of 5.
 - Other factors that were considered for this NOFA included consideration for a previously awarded loan from the Authority, previously awarded Project-Based Vouchers, the percentage of the development cost that has already been committed from funders, and the project's distance from existing affordable housing developments. With a previous Housing Authority loan of \$235,000, the project meets one of these criteria for Other Factors.

Loan Terms. The loan amount is \$410,000. 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 currently under review by the Planning Department. This review includes required environmental review under the California Environmental Quality Act (CEQA). The project will go before the Planning Commission for review and approval on December 9, 2021. A National Environmental Policy Act (NEPA) Environmental Review for a prior funding award determined that the previous award of HOME funds for predevelopment-related costs were Categorically Excluded Not Subject to Section 58.5 per 324 CFR 58.35(b). An award of PLHA funds for acquisition/land costs and predevelopment-related costs does not require a National Environmental Policy Act (NEPA) Environmental Assessment.

Burbank Avenue Apartments

Project Description. A 64-unit, multifamily apartment development with one-bedroom, two-bedroom and three-bedroom units. The unit affordability mix is: 36 units targeted to households with incomes up to 30% of AMI, 10 units targeted to households with incomes up to 40% AMI, 9 units targeted to households with incomes up to 50% AMI, 8 units targeted to households with incomes up to 60% AMI and one unrestricted manager unit. Seven of the 30% AMI units (evenly disbursed among all bedroom sizes) will be targeted to households at risk of homelessness or to formerly homeless households.

The project is located at 1780 Burbank Avenue in the Southwest quadrant of Santa Rosa. The site is located in close proximity to Roseland Creek Elementary School and Roseland Accelerated Middle School. The Burbank Avenue Apartments Project Summary is included as Attachment 3.

Application Scoring. The Burbank Avenue Apartments project ranked second among the two project applications received with a score of 78 out of 100 points possible, across the ten scoring categories identified in the NOFA solicitation.

- Readiness: Score 4 out of 10.
 - At the time of application, the project is fully entitled through the City's Planning Division. Building Permit applications have not been submitted.
- Affordability: Score 18 out of 20.
 - The project provides 57% of the restricted units to extremely low-income households at or below 30% of AMI, 16% of units to very-low income households at or below 40% of AMI, 14% of units to very-low income households at or below 50% of AMI, and 13% of units to low income households at or below 60% of AMI.
- Bedroom Size: Score 8 out of 8.
 - Of the restricted units, 29% are 3-bedroom size units.
- Special Needs Set Asides: Score 5 out of 12.
 - Units targeted to formerly homeless households or households at risk of homelessness make up 10% (7 units) of the total number of restricted units.
- Leveraging: Score 7 out of 10.
 - The funding currently requested from the Housing Authority is \$2,260,000, however the project is not eligible for HOME funds at this time and is only eligible for PLHA funds. The total requested amount of funding is 5.8% of the total development cost.
- Project Competitiveness: Score 10 out of 10.
 - The project is anticipated to be funded by a future award from the California Housing and Community Development (HCD) Multifamily Housing Program (MHP), along with tax credits from the California Tax Credit Allocation Committee (CTCAC). The project is anticipating applying for tax credits in the second round of 2022, and as such, did not have a tax credit self-score available for the current NOFA application.
- Developer & Management Experience: Score 15 out of 15.
 - The development team, WSA Burbank Housing Partners I, LP, is a limited partnership comprised for Burbank Housing Development Corporation (BHDC) and WSA Partners I, LLC. BHDC has significant experience in Santa Rosa and the surrounding region with no

properties that are currently out of compliance with local, state, or federal programs.

- On-Site Services: Score 5 out of 7.
 - The project offers on-site services in the form of a services coordinator to assist tenants in accessing off-site services, referrals, and coordinating enrichment activities.
- Amenities: Score 3 out of 3.
 - A community park and a transit stop are located within one half mile of the site location, with retail, grocery, and a library available between half and one mile from the site.
- Other Factors: Score 3 out of 5.
 - Other factors that were considered for this NOFA included consideration for a previously awarded loan from the Authority, previously awarded Project-Based Vouchers, the percentage of the development cost that has already been committed from funders, and the project's distance from existing affordable housing developments. The project has a previous loan from the Housing Authority in the amount of \$5,000,000, sixteen (16) previously awarded Project-Based Vouchers, and committed funding for over 30% of the total development cost, meeting three of the criteria for Other Factors.

Loan Terms. The loan amount is \$284,325.00. 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 the California Environmental Quality Act (CEQA); the National Environmental Policy Act (NEPA) Environmental Assessment is currently underway.

PRIOR HOUSING AUTHORITY REVIEW

Not applicable.

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. The Hearn Veterans Village project received allocations of twenty-three (23) Article XXXIV units on February 5, 2019 on Housing Authority Resolution No. 1656, and eight (8) Article XXXIV units on December 9, 2020 on

Housing Authority Resolution No. 1700. The Burbank Avenue Apartments project received an allocation of sixty-three (63) Article XXXIV units on January 25, 2021 on Housing Authority Resolution No. 1704.

FISCAL IMPACT

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

ENVIRONMENTAL IMPACT

Hearn Veterans Village. The proposed project has been reviewed in compliance with CEQA. An Addendum to the Roseland Area/Sebastopol Road Specific Plan and Roseland Area Annexation Projects Final Environmental Impact Report (2016 FEIR) (State Clearinghouse Number 2016012030) was prepared in compliance with CEQA Guidelines Section 15164. The document was reviewed by City Staff who determined that the project would not cause new significant environmental effects or substantial increases in the severity of significant effects beyond those previously identified in the 2016 FEIR.

An Addendum to an adopted EIR may be prepared if no significant environmental effects will occur and none of the previously identified effects will increase in severity. (CEQA Guidelines Section 15164). None of the circumstances under CEQA Guidelines Section 15162 are triggered; therefore, no additional analysis is required.

Pursuant to State CEQA Guidelines section 15164(b), an addendum to a previously certified EIR is not required to be circulated for public review but will be considered by the Lead Agency prior to making a decision about the project. Per CEQA Guidelines Section 15164(d), the decision-making body shall consider an addendum with the final EIR or adopted mitigated negative declaration prior to making a decision on the project.

The Planning and Economic Development Department is scheduled to review the project and the Addendum at the December 9, 2021 Planning Commission meeting. However, conditional commitments of funds are not considered a project under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378.

The project is not subject to a NEPA Environmental Assessment for utilization of PLHA funds for acquisition/land costs and predevelopment-related costs.

Burbank Avenue Apartments. The project is exempt from the California Environmental Policy Act ("CEQA") under Government Code Section 65457, CEQA Guidelines Section 15182(a)(c), and 15183. The Burbank Avenue Apartments project is exempt from CEQA due to its consistency with the adopted Roseland Area/Sebastopol Road Specific Plan, for which a certified Environmental Impact Report (EIR) was adopted by the Santa Rosa City Council in October 2016. However, commitments of funds are not considered a project under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378. The project is subject to completion of environmental review pursuant to NEPA; the NEPA Environmental Assessment is

underway.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

A Housing Authority Ad-Hoc Review Committee, comprised of Commissioners McWhorter, Rawhouser, and Chair Test met on November 18, 2021 and unanimously recommended a conditional commitment of funds to Community Housing Sonoma County in the amount of \$410,000 for the Hearn Veterans Village project and a commitment of funds to WSA Burbank Housing Partners I, LP in the amount of \$284,325 for the Burbank Avenue Apartments.

NOTIFICATION

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

ATTACHMENTS

- Attachment 1 – Notice of Funding Availability
- Attachment 2 – Hearn Veterans Village Project Summary
- Attachment 3 – Burbank Avenue Apartments Project Summary
- Resolution Hearn Veterans Village
- Resolution Burbank Avenue Apartments

CONTACT

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