

RESOLUTION NO. RES-2017-080

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL COMMITMENT OF AFFORDABLE HOUSING INCENTIVE FUND PILOT PROGRAM FUNDING IN THE AMOUNT OF \$895,448 TO COMMUNITY HOUSING SONOMA COUNTY TO ASSIST WITH THE DEVELOPMENT OF SIX EXTREMELY LOW-INCOME AND ONE LOW-INCOME RENTAL UNITS, LOCATED AT 1055 BENTON STREET (APN 180-690-041)

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, Community Housing Sonoma County (the “Developer”) proposes to develop Benton Veterans Village, located at 1055 Benton Street (APN 180-690-041) (the “Property”), with six rental units (including services) for extremely low-income (up to 30% area median income (“AMI”)) chronically homeless veterans referred by the Veterans Administration and one rental unit for a low-income (up to 80% AMI) resident manager (the “Project”); and

WHEREAS, the Santa Rosa Housing Authority has previously committed \$1,572,294 toward the Project, but a funding gap still remains; and

WHEREAS, as an incentive to start construction of the Project in fall of 2017, the Developer requests a loan of AHIFPP funding to fill the financing gap for predevelopment and development costs; and

WHEREAS, without the AHIFPP funding, Community Housing Sonoma County faces a challenging task of filling the financial gap with competitive tax credit equity or other sources, which will take extra time, during which materials and/or labor costs may rise; and

WHEREAS, the review team recommends AHIFPP funding for Benton Veterans Village in the amount of \$895,448 (the “Benton AHIFPP Funding”); and

WHEREAS, the Benton AHIFPP Funding meets program goals by providing housing for the lowest income category in a short time period; and

WHEREAS, the Project is consistent with General Plan 2035 Housing Element Policies: H-A-2, H-C-5, H-C-8, H-D-8 and H-D-9; and

WHEREAS, the project is exempt from the California Environmental Quality Act (“CEQA”), qualifying for a class 32 categorical exemption under CEQA Guidelines Section 15332 in that it is consistent with the General Plan land use designation and applicable zoning regulations; the project occurs within the City limits and on a parcel smaller than five acres; the project site has no value in terms of habitat that hasn’t already been mitigated for endangered, rare, or threatened species; the proposed changes would not result in any significant environmental impacts; and each parcel can be adequately served by utilities and public services; and

WHEREAS, other lenders may require that the City subordinate its loan to their financing; 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 commitment of AHIFPP loan funds in the amount of \$895,448 to Community Housing Sonoma County to assist with pre-development and development costs, subject to the fulfillment of each condition listed below:

- 1) Evidence, satisfactory to the City, that the applicant has received all necessary funding to construct the project;
- 2) The Developer shall commence construction of the Project no later than November 30, 2017, unless this date is extended by the Housing and Community Services Director;
- 3) The loan for the Project shall be due and payable in full if construction is not completed by September 30, 2018, unless this date is extended by the Housing and Community Services Director.

- 4) 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.
- 5) 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 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 \$895,448, 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	\$895,448
Total Amount			\$895,448

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

AYES: (7) Mayor Coursey, Vice Mayor Tibbetts, Council Members Combs, Olivares, Rogers, Sawyer, Schwedhelm

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____
City Clerk

APPROVED: _____
Mayor

APPROVED AS TO FORM:

City Attorney