

RESOLUTION NO. 1611

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A COMMITMENT OF LOAN FUNDS TO HABITAT FOR HUMANITY OF SONOMA COUNTY IN THE AMOUNT OF \$180,000 FOR COMSTOCK PLACE, AN AFFORDABLE HOME OWNERSHIP DEVELOPMENT, LOCATED AT 2863 WEST STEELE LANE, (APN 015-533-046); LOAN NO. 9029-2611-15

WHEREAS, on March 28, 2016, the Housing Authority approved the issuance a Notice of Funding Availability ("NOFA") in the amount of \$3,311,941 to assist with the development of new affordable housing units; and

WHEREAS, Habitat for Humanity of Sonoma County, a California nonprofit public benefit corporation ("Habitat"), submitted a loan application in response to the NOFA seeking \$180,000 to assist in the development one 2-bedroom and two 3-bedroom single-family detached for-sale houses on 6,000+ square foot lots that will be affordable for purchase by households earning 51%-80% of Area Median Income ("AMI") (the "Project"), located at 2863 West Steele Lane (the "Property"); and

WHEREAS, Habitat proposes to purchase a 0.61 acre parcel with an existing house, subdivide the parcel into four parcels in two phases, renovate and sell the existing house at market rate, and use the proceeds of that sale to assist in funding the property acquisition and the development of the proposed three new affordable for-sale homes; and

WHEREAS, the monthly housing costs to the homeowners of the three new homes, including principal, interest, taxes and insurance will not exceed 30% of their gross monthly income; and the Habitat for Humanity of Sonoma County family resources program will be available to the households, which includes a full service mentorship/resource program providing classes, financial education trainings and individualize support, and improving access to educational opportunities and community resources for the homeowners; and

WHEREAS, construction is anticipated to start in October 2016 and be completed by June 2017; and

WHEREAS, Comstock Place was one of three applications received in response to the NOFA, and the applications were reviewed and evaluated by a subcommittee appointed by Housing Authority Chairman Wayne Downey and comprised of Housing Authority members Housing Authority Commissioners David Harris and Helga Lemke on May 16, 2016, which recommended that the Project be considered for funding by the Housing Authority; and

WHEREAS, following consideration of the three applications, the Housing Authority desires to authorize a commitment of loan funds to Habitat in the amount of \$180,000 to assist with costs associated with construction of the three new affordable for-sale homes, with the loan to be converted upon initial sale of the homes to down payment assistance for homeowners of the Project. The Housing Authority proposes to authorize this commitment of loan funds because the Authority finds that the Housing Authority funds will (1) leverage in-kind donations of services and materials and sweat equity of the homebuyers; (2) provide family homeownership opportunities targeted to households with incomes between 51% - 80% AMI; (3) allow Habitat to record a 30 year a Resale Restriction Agreement and Option to Purchase

limiting increases in the future sales price to changes in AMI and giving Habitat an option to purchase the home and/or identify another income-eligible buyer upon resale; (4) provide for 2-BR and 3-BR homeownership units in single family detached structures which will be an important element of the "Housing for All" spectrum; (5) be modest at \$60,000 per unit; and (6) enable the development to begin construction in October 2016 and be completed by June 2017; and

WHEREAS, in 2002, consistent with Article XXXIV of the California Constitution requiring voter approval for the City's participation in the development of affordable rental housing, voters approved Measure K authorizing the City's participation in such development, provided, among other requirements, that the number of units approved in each calendar year not exceed one percent (1%) of the housing units existing in Santa Rosa in that calendar year; and

WHEREAS, there is a sufficient amount of Article XXXIV voter-authorized low income units available to be allocated to the Project; and

WHEREAS, the Project is exempt from the California Environmental Quality Act (CEQA), qualifying for a class 32 categorical exemption under 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, the Project is consistent with General Plan Housing policies H-C-4, H-C-5, H-C-8, H-C-9, H-C-13, and H-C-15.

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority approves the following:

1. A commitment of loan funds in the amount of \$180,000 to Habitat to assist with costs of construction of the three affordable single family dwellings, with the loan to be converted upon initial sale of the homes to individual downpayment assistance for homebuyers within the Project;
2. The loan for construction costs shall have a term of 5-years, deferred payment, 3% simple interest per annum. This loan is to be secured by a Deed of Trust over the Project site and a Regulatory Agreement requiring development of the affordable for-sale units. Upon initial sale of the new homes, the loan is to be converted to individual loans to the individual homebuyers for downpayment assistance, with each new loan having a term of 30-years, deferred payment, 3% simple interest per annum, with payment (principal and interest) due upon sale or transfer. The new loans are to be secured by a Deed of Trust on the subject parcel, together with a 30-year Regulatory Agreement from the date of initial occupancy requiring owner occupancy and a restricted price upon resale.
3. The commitment of the loan funds is subject to the General Loan Conditions adopted by the Housing Authority by Resolution No. 806 on January 23, 1995, including satisfaction of all loan underwriting conditions and the applicable funding guidelines

and completion of environmental review; and

4. The Deed of Trust securing this loan may be subordinated to permanent project financing using a standard form subordination agreement;
5. Construction of the Project must commence by October 31, 2016, and be completed by June 30, 2017, and the loan shall be due and payable in full if construction has not commenced nor been completed by these dates, unless extended by the Executive Director;
6. An allocation of 3 Article XXXIV units; and
7. The Maximum Cost Schedule for this loan under the Low Income Housing Production Policy is waived.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute an agreement and related loan documents for this Project consistent with this Resolution and to approve any proposed transfer and loan conversion between Habitat and any homebuyer.

BE IT FURTHER RESOLVED that the Housing Authority of the City of Santa Rosa hereby authorizes the Chief Financial Officer to pay all claims for the loan in an amount not to exceed \$180,000, conditional upon the Project meeting all funding regulations and requirements, from the following Key Number(s) (or as otherwise determined by the Executive Director):

Fund	Key	Source	Amount	Loan No.
2130	340708	Reserves	\$180,000	9029-2611-15
Total			\$180,000	

DULY AND REGULARLY ADOPTED by the Housing Authority this 13th day of June, 2016.

AYES: Lemke, Harris, Olsen, Bolduc, and Chair Downey

NOES:

ABSENT: Gaitan, and Burke

ABSTAIN: