

Attachment A. Chelsea Gardens – Project Narrative



Introduction

This proposal seeks rehabilitation funding through the City of Santa Rosa’s CDBG program in order to address immediate rehabilitation needs for Chelsea Gardens, including life safety, accessibility indoor air quality, and related issues for 120 units of affordable housing in the Roseland neighborhood.

The property is currently owned by the partnership Chelsea Gardens Associates L.P., consisting of controlling General Partner Northpoint Housing Inc. (a non-profit affiliate of BRIDGE Housing Corporation) and Limited Partner Union Bank. The rehabilitation will be managed by BRIDGE Housing Corporation (BRIDGE), a leading non-profit developer that has participated in the development of over 16,000 homes in California and the Pacific Northwest and has over 6,000 units in the pipeline. The property is professionally operated by BRIDGE Property Management Company (BPMC) which currently manages over 5,000 housing units across 42 properties.

Background

Located within the Roseland Area/Sebastopol Road Specific Plan Area, Chelsea Gardens is home to low income families and seniors and has provided safe, quality, and affordable housing for over 35 years. Chelsea Gardens was originally constructed in two phases. Chelsea I was completed in 1979 and Chelsea II was completed in 1981. BRIDGE purchased Chelsea Gardens in 1999 as an acquisition-rehabilitation development. Chelsea Gardens has 120 units in 16 buildings: (26) 1-bedroom units for seniors, (92) studios, 1-bedroom, 2-bedroom, or 3-bedroom units for families, and (2) staff units. All units at Chelsea I and Chelsea II are covered by the project-based voucher contract, which was signed with HUD in 1997. In 2013, there was a rent markup and a 20 year contract renewal. The property amenities include a community building with a kitchen, laundry facilities, a children’s play area, a pool and a community garden. The exterior and many portions of the interiors date back to the original. It’s been nearly 20 years since BRIDGE undertook the last rehab in 1999, while the scope was extensive we made an effort to leverage a limited rehab budget and prioritized repair needs. The building needs a significant infusion of capital now to address some life safety concerns related to parts of the building that were in good shape in 1999 but need some major improvements 20 years out. The 16 buildings are in need of extensive investment.

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Physical Needs and Maintenance

As several building elements reach the end of their service lives, Chelsea Gardens is in need of capital investment. BRIDGE has contracted with consultants to review the existing conditions of Chelsea Gardens including Mark Surdman, Ferrari Moe LLP (Architects and Engineers) and Saarman Construction.

CALHFA Inspection as early as 2013, have identified needed improvements for Chelsea Gardens.

Exterior wood siding and wood trim is deteriorated (dry rot) at various locations through out the project. This item was noted at previous inspections. Management is requested to develop a plan to mitigate dry rot issues and submit a plan to CalHFA for review as appropriate.

Exterior wood siding and wood supports for patio enclosures throughout the project have evidence of dry rot. Management is requested to develop a plan to mitigate dry rot issues and submit plan to CalHFA for review as appropriate.

Parking lot area needs to be resurfaced. Management needs to develop a plan and scope of work to resurface parking lot. Submit plan to CalHFA for approval as appropriate.

Except as noted above regarding the dry rot issues, this project appears to be well maintained by management and residents.

In recent years, BPMC has addressed high needs issues – expending nearly \$.5 Million in repair or replacement work. This work includes fully replacing the roof on two buildings, multiple smaller roof repairs in other buildings, repairing sidewalks, and replacing common area elements and structures.

Scope of Work

In consultation with the project architect Ferrari Moe, BRIDGE has identified the following scope of work to include critical repair needs at the property and address the following:

- life safety issues,
- accessibility improvements for senior and disabled tenants,
- improvements in indoor air quality,
- reduction in ongoing maintenance costs.

Summary Scope of Work

Service Area	Scope of Work
Life Safety	Repair and re-enforce cantilevered second story porches on 11 buildings. (Chelsea Gardens I).
	Replace external stairs on 5 buildings (Chelsea Gardens II).
Accessibility	Improve accessibility and remove barriers on pedestrian pathways.
	Rehabilitate laundry room to meet accessibility standards, including grading and related work (Chelsea Gardens II).

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Improve Indoor Air Quality	Upgrade and replace unit ventilation systems for units in 5 buildings (Chelsea Gardens II).
Reduce ongoing Maintenance costs	Replace roofs and gutters on 5 buildings (Chelsea Gardens II). Patch and repair roofs and gutters on 9 buildings (Chelsea Gardens I).
General Site Improvements	Improve community room exterior – where trellis was removed due to weather damage. Construct two trash boxes, per new City standard, to prevent rain runoff into sewers/creek. (Chelsea Gardens II). Replace kitchen and bathroom cabinets in select units as needed.

Project Budget

The scope of work proposed is anticipated to be funded with existing project reserves and CDBG funds requested in this application.

Total Costs	\$1,648,264
Sources	
CDBG Grant	\$ 787,652
Reserve Funds	\$ 860,612
Total	\$1,648,264

The anticipated CDBG funds will be applied to the following scope items:

Service Area	Scope of Work	Total Costs
Life Safety	Repair and re-enforce Cantilevered Decks (11 Buildings)	\$111,600
Accessibility	Improve accessibility and remove barriers on pedestrian pathways.	\$16,800
Reduce ongoing Maintenance costs	Replace roofs and gutters on 5 buildings (Chelsea Gardens II).	\$288,000
General Site Improvements	Improve community room exterior – where trellis was removed due to weather damage.	\$28,800
General Requirements, Permits, Contingency and Insurance		\$193,250
Soft Costs, various	Design, Construction Management, NEPA, Developer Administration, and fees.	\$149,752

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DETAILED COSTS				
			Sources and Uses	
	Hard Cost	Total	Replacement Reserves	CDBG Grant
1	Repair and re-enforce Cantilevered Decks (11 Buildings)	\$ 111,600		\$ 111,600
2	Replace roofs and gutters on 5 buildings	\$ 288,000		\$ 288,000
3	Patch and repair roofs and gutters on 9 buildings	\$ 22,100	\$ 22,100	
4	Replace external stairs on 5 buildings.	\$ 143,900	\$ 143,900	
5	Improve accessibility and remove barriers on pedestrian pathways.	\$ 16,800		\$ 16,800
6	Rehabilitate laundry room to meet accessibility standards	\$ 197,100	\$ 197,100	
7	Construct two trash boxes to prevent rain runoff into sewers/creek.	\$ 51,000	\$ 51,000	
8	Upgrade and replace unit ventilation systems for units in 5 buildings	\$ 9,600	\$ 9,600	
9	Improve community room exterior – where trellis was removed due to weather damage.	\$ 28,800		\$ 28,800
10	Replace kitchen and bathroom cabinets in select units as needed.	\$ 30,900	\$ 30,900	
11	General Requirements (Scaffolding, etc)	\$ 87,700	\$ 42,100	\$ 45,600
12	GC's OH&P	\$ 125,800	\$ 62,900	\$ 62,900
13	Insurance	\$ 14,400	\$ 7,200	\$ 7,200
14	Permits	\$ 27,000	\$ 13,500	\$ 13,500
15	Contingency	\$ 190,500	\$ 127,000	\$ 63,500
	Subtotal hard costs	\$ 1,345,200	\$ 707,300	\$ 637,900
	Hard Cost	Total	Replacement Reserves	CDBG Grant
16	Design	\$ 63,000	\$ 31,500	\$ 31,500
17	Construction Management	\$ 45,000	\$ 22,500	\$ 22,500
18	Developer Administration Costs	\$ 155,600	\$ 80,912	\$ 74,688
19	Loan Processing Fee and Application Fee	\$ 8,064		\$ 8,064
20	NEPA	\$ 5,000		\$ 5,000
21	Davis Bacon Wage Monitor	\$ 8,000		\$ 8,000
22	Relocation	\$ 18,400	\$ 18,400	
	Subtotal Soft Costs	\$ 303,064	\$ 153,312	\$ 149,752
	Total Costs	\$ 1,648,264	\$ 860,612	\$ 787,652

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Over half of the repairs will be funded with operating reserves. Owners will invest \$860,612 of accumulated revenues in maintenance and repairs. This investment will expire existing reserves except the CalHFA required \$1,000 per unit. CalHFA has allowed accumulation of replacement reserves to enable BRIDGE to make crucial life safety repairs in lieu of taking the funds as part of annual distributions of surplus cash to CalHFA in recognition of the capital needs on this site.

Project Timetable and Project Readiness

The scope of work proposed above is projected to commence in the winter of 2017 with project reserve funds and will continue through the spring of 2018 to expend CDBG funds, if awarded. Only a few of the elements of the proposed rehabilitation work require City review, generally review will be limited to compliance with accessibility standards.

Work identified for CDBG funds requires the shortest review periods from the City. For example new roofs will be replaced in-kind, minor repairs to the cantilevered decks have already been designed and engineered. The other two components of work generally do not require review as they are repairs of existing building or grounds features.

Work slated for CDBG funding will be completed prior to commencement of work relying on the reserve funding. Trash boxes will likely be constructed after the CDBG construction period, as they have greater design and review periods. Kitchen and bathroom cabinets will be replaced on a rolling basis either when a tenant vacates, or when conditions dictate immediate replacement. The replacement of the stairs will be completed after CDBG work is programmed. The only point of access to the second story units is the external staircase; therefore, residents affected by the stair replacement work will be noticed and relocated offsite for an estimated four nights.

Project Timetable – CDBG funded components of

This section discusses the readiness and schedule for the three components seeking CDBG support: external stairs, laundry room, and unit ventilation.

Readiness: The architect Ferrari Moe have history with the site, extensive experience with rehab work, and have completed conceptual design drawings for the scope of work included in this application.

Readiness: CDBG funded improvements do not require extensive design or City review. Conceptual design of stairs was completed as part of the larger design work for the site.

Readiness: BRIDGE has already identified NEPA consultant and schedule. We will prepare initial documentation prior to award in order to meet CDBG timeline.

Timing Consideration: CDBG funded improvements can be completed during the winter weather without increased costs or schedule delays related to weather management.

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Timing Consideration: BRIDGE will use reserve funds to advance design and permit work when notified of CDBG funding award.

Action	Start – End Date (month/year)
Architectural Design	Not Applicable
Planning Review	Not Applicable
Construction Drawings <i>Stairs and Laundry Room only</i>	December 2017
Permits	Work will be completed on three permits.
Construction Bid	December 2017
Construction	January 2018 – March 2018

Ownership

Chelsea Gardens is currently owned by Chelsea Gardens Associates Limited Partnership. Northpoint Housing Inc., an affiliate of BRIDGE Housing Corporation, is the controlling General Partner (GP) and Union Bank is the Limited Partner investor (LP). BRIDGE is currently working with Union Bank on buying out its interest in the Partnership as envisioned in the agreements executed as part of the tax credit acquisition/rehab project in 1999. A non-profit affiliate of BRIDGE or BRIDGE will substitute the Limited Partner in the Partnership.

Developer Capacity

BRIDGE Housing Corporation is the leading affordable housing developer in California with a mission to strengthen communities by developing, owning and managing high-quality, affordable homes for working families and seniors.

Since its inception in 1983, BRIDGE has participated in the development of over 14,000 housing units, valued at more than \$3 billion, for over 40,000 Californians. BRIDGE is also an active asset manager, preserving the majority of the properties it develops or acquires over the long term, and has a current portfolio of nearly 80 assets located throughout California.

Nearly 70% of the homes built by BRIDGE are affordable to families and seniors who earn approximately \$15,000 to \$50,000. The remainder is primarily affordable to households with moderate incomes. BRIDGE's developments often serve as a catalyst for revitalizing neighborhoods. Its portfolio of developments comprise affordable rentals, for-sale developments for first-time homebuyers, and over 400,000 square feet of commercial space, which has provided hundreds of construction and permanent jobs for local residents.

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With over 50 state, national, and international awards, BRIDGE is known for creating award-winning, affordable homes that not only strengthen the character of the community, but also display the same quality of design and construction as market-rate housing.

A sample list of recently completed projects in Norther California include:

- Mural Apartments – 90 units of affordable multifamily rental in Oakland, CA completed in 2016
- Celadon – 129 units of mixed-income rental in San Diego, CA completed in 2015
- The Rivermark – 70 units of affordable multifamily rental in West Sacramento completed in 2015
- 474 Natoma – 60 units of Family Housing in San Francisco, completed in 2014
- Terraza Palmera – 62 unit Family Housing in Oakland, completed in 2013
- Rehab of Fell Street Apartments- 82 units of affordable multifamily rental in San Francisco, CA completed in 2012
- Farms Senior Housing- 138 units of affordable senior rental in Sacramento, CA completed in 2012
- Rehab of Pinole Grove Senior Housing- 70 units of affordable senior rental in Pinole, CA completed in 2012
- St. Joseph's Senior Housing - 84 units of affordable senior rental in Oakland, CA, completed in 2012

Partnerships

BRIDGE will collaborate with Ferrari Moe, LLP on the architectural design and construction administration.

Project Benefits

With the population of Roseland growing faster than the rest of the City of Santa Rosa and the 2016 median rent of \$2,500 requiring a 2-person household to earn 150% of the Area Median Income, the long-term preservation and maintenance of affordable housing in Roseland is critical. Chelsea Gardens is home to 215 residents. All units, exempting the two staff units, are restricted to residents earning up to 50% of the Area Median Income. Seniors occupy a total of 26 units and families occupy a total of 94 units. The rehabilitation of Chelsea Gardens will directly benefit all current and future residents.

The November 2016 Roseland Area/Sebastopol Road Specific Plan calls for a “unified, vital, healthy and livable Roseland community” and the rehabilitation of Chelsea Gardens supports many of the guiding principles. The project will require limited tenant relocation – hospitality units on site will accommodate all relocation requirements. There will be no displacement of existing residents. The diverse seniors and families that have made Chelsea Gardens their home for years will directly benefit from the improvements.

Ensuring the long-term affordability of Chelsea Gardens will contribute to promoting the social mobility of its residents. In a 1999 resident survey, BRIDGE found that 70% of BRIDGE residents said their quality of life had improved, a shift that can encourage health, wellness, community engagement and economic participation.

In addition, the project will benefit from the rehabilitation as it will reduce annual repair costs, decrease utility costs, and increase the resiliency of the property, thereby allowing savings to be invested into additional capital improvements, further improving the sustainability of the property and the resident experience.