



SELECTION GUIDELINES FOR FUNDING AFFORDABLE HOUSING DEVELOPMENTS

**Approved by the Housing Authority of the City of Santa Rosa
Approved March 28, 2016, Revised July 25, 2016 and July 19, 2017**

These Selection Guidelines for Funding Affordable Housing Developments are comprised of Criteria in four major categories:

- i. Benefits
- ii. Financing
- iii. Readiness
- iv. Developer Qualifications

The Criteria are designed to assist the Housing Authority in making funding decisions. The Housing Authority intends to use these Criteria to evaluate and compare the strengths and weaknesses of proposed new affordable housing developments and housing rehabilitations. The Housing Authority may choose to emphasize certain Criteria over others so as to meet current housing priorities. The Housing Authority may also consider other factors in making any given funding decision.

Nothing in these Guidelines, or in the procedures by which they are utilized, is intended to communicate a funding commitment to any potential borrowers.

These Guidelines supersede prior selection guidelines or criteria.

PROJECT NAME: Apple Valley Apartments

Date: 9/14/2017

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Date: September 14, 2017



Summary

	Please provide a short summary for each
Address	2862, 2866, 2870 & 2874 Apple Valley Lane, Santa Rosa, CA 95403
Project Summary/Description	<p>Apple Valley Apartments, located at 2862, 2866, 2870 & 2874 Apple Valley Lane in Santa Rosa, CA, is an existing 8-unit affordable rental housing development in northwestern Santa Rosa's Apple Valley Neighborhood, one of the five focus neighborhoods of the City's Neighborhood Revitalization Program.</p> <p>Given the 50+ year age of the buildings, the buildings show deterioration of the water proofing behind the stucco and wood trims have signs of dry rot, roof sheathing at the overhangs is deteriorating and recent roof inspections show that, while not leaking, the roofs are past their useful life.</p> <p>Rehabilitation work is to the building envelope, including replacement of roofing, gutters, siding, windows, wall insulation, exterior painting and concrete flatwork.</p>
Developer (include contact(s))	<p>Burbank Housing Development Corporation (BHDC) is the developer for the Apple Valley Apartments rehab, and has been developing high-quality affordable rental and ownership housing in Sonoma County since 1980.</p> <p>For questions, please contact Marianne Lim, Director of Housing Development at (707) 303-1006, m_lim@burbankhousing.org</p>
Benefits	<p>The rehabilitation will provide multiple benefits to the City and the Community including:</p> <ul style="list-style-type: none"> • Improving the livability and quality of life for the existing residents. • Extending the Remaining Useful Life (RUL) of the property and preserving this important affordable housing stock for the City of Santa Rosa, thereby meeting one of the Consolidated Plan goals. • Investment in rehabilitation at adjacent Paulin Creek and Papago Court Apartments has spurred rehabilitation activity at adjacent non-BHDC properties and renewed City engagement in the Apple Valley NRP Program. Renewed engagement has included NRP staff coordination and collaboration with BHMC property management staff to address area street lighting, removal of abandoned cars and parking enforcement, and regular police patrols. Community Action Partnership of Sonoma County has also collaborated with BHMC and NRP staff in the creation of a community garden, community clean up days, and other activities with the area residents.

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Financing	<p>The property is currently financed with a combination of conventional first mortgage loan, SRHA loans, and loans from Burbank Housing Development Corp.</p> <p>The entire rehabilitation scope of work will be financed with the requested CDBG funds.</p>
Readiness	<p>A NEPA Statutory Worksheet for Categorically Excluded Projects for the rehabilitation work will be completed by AEM Consulting. AEM has confirmed that the approval process for the Categorically Excluded Project could be completed in time for construction completion to meet the end of March 2018 expenditure deadline. The proposed rehabilitation work is ready to proceed other than obtaining over the counter building permits.</p>
Developer Qualifications	<p>Burbank Housing Development Corporation, the Developer, is a Santa Rosa based non-profit public benefit corporation. Established in 1980, the company has built 2,399 units of new construction affordable housing in 46 development, acquired and rehabilitated 452 affordable units in 13 projects, built 203 affordable homeownership units (10 developments), and built 672 Mutual Self-Help Homeownership units in 24 developments.</p> <p>Burbank Housing has extensive experience in rehabilitating occupied communities and working with the tenants to address their temporary relocation needs.</p> <p>Its affiliate, Burbank Housing Management Corporation manages all of its affordable rental housing.</p>
Other	

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Benefits

Criteria	Please describe. Use additional sheets if necessary.
Type	
Production	N/A
Rehabilitation (with or without acquisition)	The proposed rehabilitation will be performed at 4 duplexes located at 2862, 2866, 2870 and 2874 Apple Valley Lane, Santa Rosa. The application is made by the current ownership entity and will not require acquisition.
Preservation	The rehabilitation will extend the Remaining Useful Life of the 50+ year old buildings, preserving this important affordable housing stock, increasing the livability of the units and the quality of life for the tenants.
Conversion of Market Rate to Affordable	N/A
How local funds increase the number of new or rehabilitated units or lower the income targeting compared with the requirement of other funding sources	N/A
Term of Affordability	55 years affordability restriction, expires January 1, 2053.
Family	Apple Valley Apartments is an affordable multi-family community. All 8 units are 2 bedrooms.
Senior	N/A
Veterans Housing	N/A
Special Needs Housing	N/A
Homeless Housing	N/A
Workforce Housing	The affordable units serve much needed local workforce housing needs by allowing people to live in the community in which they work.
Live-Work (Combined in one unit)	N/A
Mixed-Use (Res + Non-Res in Project)	N/A
Mixed-Income (Affordable and Market rate)	N/A
Ownership	N/A

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Location	
In Neighborhood Revitalization Program Area Focus Neighborhood	The property is located in the Apple Valley Neighborhood Revitalization Program Area.
Quadrant (in Santa Rosa as divided by Hwy 101 & Santa Rosa Creek)	North West Quadrant.
In Quadrant/area of City without concentration of Affordable Housing	No.
Accessible to Transit	<p>The project is located within 1,100 feet from two Santa Rosa City Bus Route 6 stops. One located at West Steele Lane and Coffey Lane, and one located on West Steele Lane and Apache Street.</p> <p>There is also a Sonoma County Transit Route 44 bus stop located at Range Avenue and West Steele Lane, approximately 3,130 feet from the property.</p>
Transit-Oriented Development (TOD)	N/A
In Priority Development Area	N/A

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Benefits (continued)

General Benefits	Please describe. Use additional space if needed.
Economic Development Benefits (Please Describe)	The project rehabilitation will prioritize the use of local vendors, suppliers and service providers. In addition, addressing deferred maintenance and needed repairs now will prevent significantly increased costs in the future due to damage if left unaddressed.
Neighborhood Stabilization	<p>Burbank Housing, working with the Housing Authority of the City of Santa Rosa and other City departments, purchased 106 units (including the 8 units at Apple Valley Apartments) of affordable housing in the area in 1999/2000 to help stabilize the neighborhood. The area was suffering from blight, absentee landlords, deteriorating housing stock, high crime and gang activity. The properties were purchased by BHDC with the help of the City of Santa Rosa Economic Development and Housing Department. BHDC was subsequently successful in syndicating two of the properties and obtaining 4% low income housing tax credits.</p> <p>While the development was able to significantly improve the structures and create safer and healthier living environments for the residents, today 17 years later, these 50+ year old buildings are in need of rehabilitation to preserve this important affordable housing stock and extend the useful life of the buildings.</p> <p>Improving the properties will be good for the neighborhood in general and previous work has been a catalyst for investment by adjacent property owners and other nonprofits in the area.</p> <p>In addition, Burbank Housing manages the Apple Valley/Papago Court Improvement Association. This is an HOA where adjacent property owners can join and in exchange for their monthly dues they receive exterior landscaping, graffiti abatement, security patrols, and access to the Paulin Creek laundry facilities. Apple Valley Apartments is part of the HOA.</p>
City-County Cooperative Project	N/A
Amenities On-site for Residents	Given its small size, Apple Valley Apartments does not have any on-site amenities but residents have access to the two tot lots and basketball court at Papago Court Apartments and the laundry room at Paulin Creek Apartments. Papago Court and Paulin Creek Apartments also serve as a hub for the larger community. Residents can participate in the Boys & Girls Club

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	which is run in a building at Paulin Creek by the Parks & Rec. Dept. A Community Garden is thriving through a collaboration of property management staff, BHMC Community Services, Community Action Partnership of Sonoma County and the residents in the AVL neighborhood. A mobile dental clinic through St. Joseph Health is anticipated to provide services to the neighborhood starting in the next few months.					
Sustainable Design/Elements/Features	The rehab project extends the remaining useful life of these buildings by addressing the building-envelope's moisture protection and insulation by replacing windows, siding, insulation, roofing, gutters and exterior painting.					
Other (Describe)						
Affordability Mix: Amt / % of total units						
30% AMI	units		%			
50% AMI	units		%			
60% AMI	4	units	50	%		
80% AMI	4	units	50	%		
Unrestricted Manager Unit(s)	units		%			
Other Unrestricted Units	units		%			
Total Units	8					
Unit Mix (# of bedrooms)	30% AMI	50% AMI	60% AMI	80% AMI	Manager	Other
Single Room Occupancy						
0-BR (studio)						
1-BR						
2-BR			4	4		
				80% AMI units rented at 60% AMI rents.		
3-BR						

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Financing



Criteria		Existing Debt and Equity		Debt / Equity to Remain		Construction Financing		Permanent Financing		
Sources of Funds	Status*					Total	Per Unit	Total	Per Unit	Description, if applicable
9% Competitive Tax Credit Equity										
4% Competitive Tax Credit Equity										
4% Non-Comp. Tax Credit Equity										
Tax Exempt Bond Proceeds										
HA Loan - Existing Original Loan (2862)	S	\$43,500		\$43,500				\$43,500	\$10,875	
HA Loan - Existing Original Loan (2862)	S	\$20,000		\$20,000				\$20,000	\$5,000	
HA Loan - Existing Original Loan (2862)	S	\$18,340		\$18,340				\$18,340	\$4,585	
HA Loan - Existing Original Loan (2870)	S	\$47,000		\$47,000				\$47,000	\$11,750	
HA Loan - Existing Original Loan (2870)	S	\$20,000		\$20,000				\$20,000	\$5,000	
HA Loan - Existing Original Loan (2870)	S	\$18,340		\$18,340				\$18,340	\$4,585	
HA Loan - Existing Further Advance	S									
HA Loan - Existing 2 nd Further Advance	S									
Local Loan - this request	A					\$744,321	\$93,040	\$744,321	\$93,040	
Local Loan(s) - future request(s)	F									
Other State Funding:										
Construction Loan (Private Lender)										
Construction Bridge Loan (Private Lender)										
First Mortgage (Private Lender)		\$243,334		\$243,334				\$243,334	\$30,417	
Developer Equity +			\$1,024,486		\$1,024,486					
Deferred Developer Fee										
Deferred Impact Fees										
Other: BHDC Advances		\$178,858		\$178,858						
Total:										
Summary of Local Financing										
Total Existing Local Loans	S	\$167,180	\$20,897					\$167,180	\$20,897	Various
Total Anticipated Local Subsidy						\$744,321	\$93,040	\$744,321	\$93,040	
Total Project Financing Summary										
Total Financing Needed						\$744,321	\$93,040	\$744,321	\$93,040	

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Total Financing Secured - \$						0		\$410,514	\$51,314	
Total Financing Secured - %						0		33.36%		
Financing Gap \$						\$744,321	\$93,040	\$744,321	\$93,040	
Funding Gap %								66.64%		

+ Developer equity based on estimated value less existing debt.

*Status: S = funding with secure commitments; A = funding with applications submitted and notification pending –enter date of notification; F = funding for which applications will be submitted at a future date.

Financing (continued)

Uses of Funds	Total	Per Unit	Per Acre	How Determined
Land Cost				
Other Acquisition Costs, if applicable				
Soft Cost (Total development cost less land cost, hard cost and developer fee)	\$66,378	\$8,297		Divided by 8 units.
Hard Cost (new construction + contingency)	\$677,943	\$84,473		Divided by 8 units.
Developer Fee				
Other Costs (specify): _____				
Total Development Cost (equals Uses of Funds above)	\$744,321	\$93,040		Divided by 8 units.
Other Financing Considerations:	Status*	Total		Description, if applicable
**Tax Credit App Tie-Breaker Score (if applicable)				

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HA Project Based Vouchers					
HA VASH Vouchers (Veterans)					

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Financing (continued)



Financial Feasibility	Please describe. Use additional space if needed.
Realistic and cost-efficient budget	The overall rehabilitation budget, including soft and hard costs, are based on actual costs of similar rehabilitation scope of work performed by Midstate Construction in 2015-16-17 on Papago Court or Paulin Creek rehabs or sub-contractor estimates provided by Midstate Construction for this particular project. The estimate includes payment of Davis Bacon wage rates.
Proposed loan terms	3% deferred, simple interest, 30 years.
Cash flow with realistic net operating income over time	See project cash flow in Attachment I.
Ability of the project to sustain operations in compliance with program requirements	See cash flow.
Residual cash receipts potential	See cash flow.
Developer's financial capacity to carry out the project	See the applicant's financials in Attachment F.
Local funds leverage other funds	N/A
Demonstration that other funding sources are maximized	
Back-up financing plan if any pending funding source not approved	
Demonstration that construction costs are within market	GC estimate provided by Midstate Construction based on sub-contractor estimates obtained in September 2017.

Readiness

Criteria	Please describe. Use additional space if needed.
Financing Status (% financing secure)	See above.
Form of Site Control	The property is currently owned by the Developer.
All Entitlements Approved	Rehabilitation work will require permits only, which are obtained over the counter.
If not, which remain:	
Environmental Clearance CEQA	N/A
Environmental Clearance NEPA	NEPA Statutory Worksheet for Categorically Excluded Projects and SHPO Historical review Clearance will be obtained. AEM Consulting has assured us that the approvals could be obtained in a timely manner as to permit expenditure completion by March 2018.
Market Study Completed	N/A
Construction Bids Obtained	To be obtained in November 2017. See timeline in Attachment Q.
Building Permits Issued	To be obtained in November/December 2017. See timeline in Attachment Q.
Construction Start	Start in November/December 2017. See timeline in Attachment Q.
Construction Completion	Anticipate completion in March 2018. See timeline in Attachment Q.
Relocation Plan Completed, if applicable	N/A
Project on schedule to meet funding source timeline requirements	Yes.

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Developer Qualifications

Criteria	Please describe. Use additional sheets if necessary.
Has demonstrated excellence at developing similar projects in a complex financing environment	See experience in Attachments.
Has delivered project results in compliance with complex state and federal program regulations	BHDC has successfully completed almost 60 affordable rental housing developments which included local, state and federal financing, on time and within budget. BHDC has also successfully completed 19 rehabs on occupied housing developments, including adjacent properties, Paulin Creek Apartments and Papago Court Apartments, with a similar scope of work. The same staff that worked on Paulin Creek Apartments and Papago Court Apartments will work on Apple Valley Apartments rehab.
Has demonstrated excellence at operation and management of developments post-construction, including support services, if applicable	Burbank Housing manages 62 affordable housing properties in Sonoma County, totaling 2,904 units; including multiple local, state and federal lenders, with compliance requirements, as well as coordinates support services at our communities.
Has met timeline commitments of similar projects	BHDC has successfully completed almost 60 affordable rental housing developments which included local, state, and federal financing, on time and within budget.