

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL COMMITMENT OF FUNDS IN THE AMOUNT OF \$2,400,000 TO BURBANK HOUSING DEVELOPMENT CORPORATION FOR ACQUISITION OF MARKET RATE UNITS AND CONVERSION TO AFFORDABLE HOUSING, LOCATED AT 6899 MONTECITO BLVD, APN 183-060-049, LOAN NOS. 9025-2985-18, 9925-2995-18 AND 9925-3005-18

WHEREAS, the Housing Authority issued a Notice of Funding Availability (“NOFA”) on July 26, 2018, announcing approximately \$4.1 million of federal and local funds for affordable housing, and applications were due on August 31, 2018; and

WHEREAS, the Housing Authority received 11 applications requesting almost \$22 million; and

WHEREAS, Burbank Housing Development Corporation (“Burbank Housing”) submitted an application requesting \$2,400,000 to acquire Parkwood Apartments, a 56-unit market rate rental property located at 6899 Montecito Blvd., Santa Rosa, California, 95409, APN 183-060-049, and convert it to affordable housing (the “Project”); and

WHEREAS, the Housing Authority chair appointed Commissioners Burke and Johnson-Morgan to a NOFA Ad Hoc Subcommittee to review the applications with staff and make funding recommendations to the Housing Authority; and

WHEREAS, the NOFA Ad Hoc Committee and staff met on September 20 and 27, 2018, and recommend that the Housing Authority approve a conditional commitment of funds in the amount of \$2,400,000 to Burbank Housing to acquire Parkwood Apartments because, among other reasons:

- Acquisition will convert the property from market rate to affordable housing.
- A Regulatory Agreement protecting affordability for current residents will be effective at close of escrow, which is anticipated in December 2018.
- The Regulatory Agreement restricting incomes and rents will secure long-term affordability for 55 years for current and future residents.

WHEREAS, the Project meets CDBG eligibility requirements as an Eligible Activity (24 CFR 570.201(a) – Acquisition) and a National Objective (24 CFR 570.208 (a)(3)) – Activities benefiting low- and moderate-income persons – housing activities, and HOME Investments Partnerships Program eligibility as acquisition/conversion (24 CFR 92 205(a) (Eligible Activities); and the Project is consistent with the Consolidated Plan and Action Plan as preserving housing stock through conversion, and is consistent with policies of the Santa Rosa General Plan; and

WHEREAS, environmental review pursuant to National Environmental Policy Act (“NEPA”), including issuance of the Authority to Use Grant Funds by the US Department of Housing and Urban Development (“HUD”), shall be completed prior to the release of any CDBG funds to Burbank Housing for the Project; and

WHEREAS, the Project is exempt from environmental review pursuant to the California Environmental Policy Act (“CEQA”) because (1) the acquisition of an existing housing development is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines section 15378; and (2) the Project involves the operation of an existing facility with potential future repair and maintenance with negligible or no expansion of the existing use, pursuant to CEQA Guidelines section 15301.

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby approves the following:

1. A commitment of \$2,400,000, conditional upon the completion of environmental review pursuant to NEPA and issuance by HUD of the Authority to Use Grant Funds, to Burbank Housing Development Corporation for the acquisition of Parkwood Apartments, a 56-unit multifamily market rate rental housing development, located at 6899 Montecito Blvd., Santa Rosa, California, 95409, APN 183-060-049, and conversion of the market rate development to affordable housing for very low, low- and moderate-income households.
2. 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;
3. The loan to Burbank Housing has a term of 55 years at 3% simple interest per annum, deferred payments, residual cash receipts, secured by a Deed of Trust.
4. The units shall be affordable at minimum as follows: 27 units at 50% Area Median Income (“AMI”), 12 units at 60% AMI, 12 units at 80%, 3 units above 80% AMI, and two unrestricted manager units; deeper affordability is encouraged.
5. The loan shall be due and payable in full if acquisition of Parkwood Apartments has not closed by December 31, 2018, unless this time is extended by the Executive Director.
6. The Low-Income Housing Production Subsidy Program Policy is waived including the Maximum Cost Schedule.
7. An allocation of 54 Article XXXIV units.

BE IT FURTHER RESOLVED that the Housing Authority hereby approves subordination of Housing Authority loans to senior financing in a form approved by Housing Authority General Counsel, if required by other lenders.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute agreements and related loan documents for the Project consistent with this Resolution.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Chief Financial Officer to pay all claims for the loan in an amount not to exceed Two Million Four Hundred Thousand and 00/100 Dollars (\$2,400,000) from the following Key Number(s) or as otherwise determined by the Executive Director:

Fund	Key	Source	Amount	Loan No.
2284	340902	RPPT	\$102,878.00	9025-2985-18
2280	340302	CDBG	\$1,149,135.00	9925-2995-18
2293	340105	HOME	\$1,147,987.00	9925-3005-18
Total Loan Amount			\$2,400,000	

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this 22nd day of October 2018.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Chair

ATTEST: _____
Secretary