

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
HOUSING AND COMMUNITY SERVICES
SUBJECT: MODIFICATION OF TARGETED AFFORDABLE UNITS –
ORCHARD COMMONS, 811 BOYD STREET

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve a modification to the targeted affordable units for Orchard Commons (formerly known as Boyd Street Family Apartments), located at 811 Boyd Street from 8 units at 30% of Area Median Income (AMI), 37 units at 50% of AMI and one unrestricted manager's unit to 10 units at 30% of AMI, 5 units at 50% of AMI, 30 units @ 60% of AMI, and one unrestricted manager's unit.

EXECUTIVE SUMMARY

Orchard Commons, formerly known as the Boyd Street Apartments, was provided a loan in the amount of \$200,000 from the Housing Authority in February 2019. The project received Design Review approval from the Department of Planning and Economic Development in August 2019. The project most recently received funding from the California Department of Housing and Community Development's No Place Like Home Program which has resulted in a need to change the unit affordability mix for the project. The project was initially approved with an affordable unit mix of 8 units at 30% of Area Median Income (AMI), 37 units at 50% of AMI and one unrestricted manager's unit. As a result of the final project financing, the unit mix is shifting to 10 units at 30% of AMI, 5 units at 50% of AMI, 30 units @ 60% of AMI, and one unrestricted manager's unit. The total number of units remains unchanged at 45 targeted units, plus one unrestricted manager's unit.

BACKGROUND

Orchard Commons proposed by Danco Communities, formerly known as Boyd Street Apartments (the Project), received a funding award of \$200,000 from the Housing Authority in February 2019. Following receipt of Design Review approval by the

Department of Planning and Economic Development, the project has been pursuing financing to commence construction of the project. The project has secured the following financing and is ready to begin construction by November 1, 2020:

Source	Amount
4% Tax Credit Equity	\$12,385,984
Bond Funds	\$6,390,000
No Place Like Home	\$2,730,384
Sonoma County Community Development Commission	\$1,500,000
Developer Note	\$1,445,926
Housing Authority Funds	\$200,000
Solar Tax Credit Equity	\$87,288
TOTAL	\$24,739,582

PRIOR HOUSING AUTHORITY REVIEW

On February 25, 2019, the Housing Authority approved a \$200,000 loan to the 46-unit project with a unit mix of 8 units @ 30% of AMI, 37units @ 50% of AMI, and one unrestricted manager's unit.

ANALYSIS

Adjusting the unit mix for the project will bring the Housing Authority funding in line with the other financing that has been secured for the project. The project initially was structured on 9% tax credits; they were not successful and pursued other funding sources. The project was awarded 4% tax credits and No Place Like Home funding (NPLH). NPLH funding can only be used for units at 30% of AMI which resulted in a shift from eight (8) to ten (10) units at the 30% of AMI income level. The resulting loss of rental income associated with more 30% AMI units is counterbalanced by an increase to the number of units available to households at 60% of AMI. As of September 2020, the project has secured all necessary financing and is ready to begin construction by November 1, 2020.

The final unit mix is shifting to 10 units at 30% of AMI, 5 units at 50% of AMI, 30 units @ 60% of AMI, and one unrestricted manager's unit. The total number of units remains unchanged at 45 targeted units, plus one unrestricted manager's unit.

As stated in the February 2019 staff report to the Housing Authority, the project was identified for funding considerations by an Ad-Hoc Committee comprised of Housing Authority members Burke and Johnson-Morgan, in the second round of the fiscal year 2018-19 NOFA review. The project was among two applications awarded from the three recommended for further consideration. While the original unit mix was a consideration that factored into the original award decision, the Orchard Commons project was recommended for funding based on several additional factors, including: the total

number of units, location, County of Sonoma funding commitments, construction commencement timeline, varied unit sizes, Zero Net Energy development status, and a maximization of open space.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on Housing Authority funds.

ENVIRONMENTAL IMPACT

The project was determined by the Department of Planning and Economic Development to be in compliance with the California Environmental Quality Act (CEQA) and qualified for an exemption under the California Government Code Section 15183 (Projects Consistent with a Community Plan, General Plan, or Zoning) and a Class 32 Exemption under Section 15332 (In-fill Development Projects).

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On January 14, 2020, the Council held a TEFRA hearing authorizing the issuance of up to \$20 million in Qualified Residential Rental Project bond funding by the California Municipal Finance Authority.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – No Place Like Home Project Report
- Resolution

CONTACT

Megan Basinger, Housing and Community Services Manager, mbasinger@srcity.org