

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: REBECCA LANE, HOUSING AND COMMUNITY SERVICES MANAGER  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: DECEMBER 2020 REQUEST FOR PROPOSALS FOR PROJECT  
BASED VOUCHERS – FUNDING RECOMMENDATIONS FOR 3575  
MENDOCINO AVE PHASE I, BURBANK AVENUE APARTMENTS, THE  
CANNERY AT RAILROAD SQUARE, DEL NIDO APARTMENTS AND  
LINDA TUNIS SENIOR APARTMENTS

AGENDA ACTION: RESOLUTION(S)

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RECOMMENDATION

It is recommended by the Housing Authority Project-Based Voucher (PBV) Request for Proposal (RFP) Ad Hoc Committee and the Department of Housing and Community Services that the Housing Authority, by resolutions, approve conditional commitments of: 1) thirty (30) vouchers to BRJE Phase I Housing Partners, L.P. (Related California) for 3575 Mendocino Avenue Phase 1 located at 3575 Mendocino Avenue; 2) four (4) vouchers to WSA Burbank Housing Partners I, L.P., (Waterstone Residential) for Burbank Avenue Apartments located at 1780 Burbank Avenue; 3) thirty-three (33) vouchers to The Cannery at Railroad Square, L.P. for The Cannery at Railroad Square located at 3 West Third Street and 60 West 6<sup>th</sup> Street; 4) eight (8) vouchers to Eden Housing Development, Inc. for Del Nido Apartments located at 850 Russell Avenue; and 5) five (5) vouchers to Petaluma Ecumenical Properties, dba PEP Housing for Linda Tunis Senior Apartments located at 600 Acacia Lane.

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EXECUTIVE SUMMARY

In response to the Project-Based Voucher (PBV) Request for Proposals (RFP) released on November 3, 2020, announcing the availability of 80 PBVs, the Housing Authority received proposals initially requesting 259 vouchers across 15 projects. One applicant withdrew an application for seventeen (17) vouchers after the review process began. The RFP was released concurrent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Notice of Funding Availability (NOFA) with the intent to improve the financial feasibility of projects seeking CDBG-DR or other competitive financing. The timelines for both the NOFA and the RFP were expedited in an effort to position projects applying for 4% tax credits in February 2021. All final awards of vouchers will be contingent upon the project receiving the competitive funding the PBVs are being used to leverage. In the case of new construction projects, final awards are also contingent upon a successful completion of a Department of Housing and Urban Development (HUD) Subsidy Layering Review (SLR); in addition, all projects must complete an environmental review and meet all other requirements outlined in the Project-Based Voucher regulations at 24 CFR 983, PIH Notice 2017-21 and related HUD guidance. A Housing Authority Ad-Hoc Review Committee comprised of Housing Authority Commissioners Burke and Test met

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to review the projects that had responded to the DR-MHP NOFA and the PBV RFP and made unanimous funding recommendations.

### BACKGROUND

On November 3, 2020 an RFP was released announcing the availability of 80 PBVs. The RFP was released in conjunction with a separate, concurrent NOFA for approximately \$38 million in CDBG-DR funds. Existing units, substantial rehabilitation and new construction projects were all eligible to apply.

The purpose of releasing PBVs concurrent to the CDBG-DR funds was to improve the financial feasibility of projects applying for CDBG-DR and other competitive funding. In the event the Housing Authority commits vouchers to a project that is not successful in its first planned funding competition, the vouchers will remain available to the project for up to two additional competitive funding applications through June 2022. If the competitive funding that the voucher commitment is leveraging is not awarded following the additional application round(s) the voucher commitment will be rescinded.

Fifteen (15) proposals were initially received under the RFP, 11 of which also applied for CDBG-DR. One applicant withdrew a proposal for 17 PBVs after the review process began. The CDBG-DR funds may be used for architectural and engineering design, permitting fees, developer fees, mobilization, site prep and clean up and construction, reconstruction or rehabilitation. Project-Based Vouchers are used exclusively for rental assistance under 24 CFR Part 983.

On January 11, 2021 and January 14, 2021 an Ad Hoc committee of the Housing Authority Commissioners met to review the PBV proposals in conjunction with the CDBG-DR applications and make funding recommendations to bring to the full Housing Authority Board of Commissioners.

Factors for the project evaluation included the following:

- project readiness;
- the status of the project's National Environmental Policy Act (NEPA) review and entitlements, and estimated construction timeline;
- financial feasibility of the project;
- the percentage of total development cost that had already been committed to the project and the project's development cost per unit;
- qualifications, capability and expertise of the development team to finance, design, build/rehabilitate and manage affordable housing;
- affordability levels;
- completeness, accuracy, and quality of the proposal/application;
- features in the project that support the quality of life for potential residents; and
- consistency with the goals and policies of the Project Based Voucher program.

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The review resulted in unanimous recommendations for 80 PBVs conditionally committed to five projects. The commitment of 80 PBVs will bring the percentage of the Housing Choice Voucher Program’s total budget authority used for PBV assistance to the statutory maximum of 20%.

ANALYSIS

The PBV RFP was issued on November 3, 2020, and applications were due on December 3, 2020. Fifteen applications were initially submitted seeking 259 total vouchers, as shown in the following table. One proposal for 17 vouchers was withdrawn during the review process and is not included in the table below.

**PBV Proposals**

Project Name	Project Type	Applicant	Location / Quadrant	Total PBVs Requested	Total Units Proposed	% PBVs of Total
<b>Bennett Valley Apartments</b>	New Construction	Freebird Development Company, LLC	702 & 716 Bennett Valley Rd; 921 & 927 Rutledge Ave / SE	30	62	49%
<b>Burbank Avenue Apartments</b>	New Construction	WSA Burbank Housing Partners	1780 Burbank Ave / SW	4	64	25%*
<b>Cannery at Railroad Square</b>	New Construction	The Cannery at Railroad Square, L.P.	3 West 3rd St / NW	33	129	25%
<b>Casa Roseland</b>	New Construction	MidPen Housing	665 & 883 Sebastopol Rd / SW	10	75	13%
<b>Del Nido Apartments</b>	Existing / Rehabilitation	Eden Housing	850 Russell Ave / NW	8	206	4%
<b>Hearn Veterans Village</b>	New Construction	Community Housing Sonoma County	2149 W Hearn Ave / SW	18	56	32%
<b>Linda Tunis Senior Apartments</b>	Rehabilitation	Petaluma Ecumenical Properties	600 Acacia Ln / NE	17	26	100%*
<b>Mahonia Glen</b>	New Construction	MidPen Housing	5173 Highway 12 / NE	15	99	15%
<b>3575 Mendocino Avenue Phase I</b>	New Construction	Related California	3575 Mendocino Ave / NE	30	94	32%
<b>3575 Mendocino Ave Phase II &amp; III</b>	New Construction	Related California	3575 Mendocino Ave / NE	33	68	49%

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<b>Ponderosa Village</b>	New Construction	Danco Communities	250 Roseland Ave / SW	20	80	25%
<b>Ridley Avenue Family Apartments</b>	New Construction	Milestone Housing Group, LLC	1801 Ridley Ave / NW	8	60	13%
<b>Stony Oaks Apartments</b>	New Construction	Meta Housing Corporation	2542 Old Stony Point Rd / SW	8	142	6%
<b>Stony Point Flats</b>	New Construction	Integrity Housing	2268 Stony Point Rd / SW	8	50	16%
<b>Total</b>				<b>242</b>	<b>1211</b>	
<i>*PBV percent of project is based on combined total with previous allocations</i>						

**PBV Commitment Recommendations**

An Ad Hoc committee of the Housing Authority Board of Commissioners reviewed the PBV proposals received and made the following unanimous recommendations:

**Project**

**PBV Recommendation**

3575 Mendocino Avenue Phase I  
 Burbank Avenue Apartments  
 The Cannery at Railroad Square  
 Del Nido Apartments  
 Linda Tunis Senior Apartments

30 PBVs  
 4 PBVs  
 33 PBVs  
 8 PBVs  
 5 PBVs

**Total**

**80 PBVs**

**Summary of Recommended Projects**

*3575 Mendocino Avenue Phase I*

**Project Description:** The proposed 3575 Mendocino Avenue is an affordable senior development within a master plan for the 13.3-acre site where the Journey’s End Mobile Home Park stood before it was destroyed in the October 2017 Tubbs fire. The master plan includes 532 units of market rate and affordable high-density housing. The affordable component will include 162 units developed in three phases; Phase I of the project will include 94 of the 162 affordable senior units on a 1.42-acre portion of the site. The development will offer affordable housing opportunities to former Journey’s End Mobile Home Park residents displaced by the wildfire and other extremely-low, very-low and low-income seniors. Phase I will include 90 one-bedroom units and four two-bedroom units, including one manager’s unit; the proposed PBV units will include 28 one-bedroom units and two two-bedroom units. The unit affordability mix is: 13 units targeted to households with incomes up to 30% of Area Median Income (“AMI”), 56 units targeted to household incomes up to 50% AMI, 24 units targeted to household incomes up to 60% AMI and one unrestricted manager unit.

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The project is located 3575 Mendocino Avenue, Santa Rosa, California; APNs 173-030-001 and 173-020-002, in the Northeast quadrant of Santa Rosa. The site is located in a Priority Development Area and is approximately 0.6 miles from a grocery store, 0.2 miles from a major medical center and will ultimately include a new transit stop directly in front of the senior housing development. The Master Plan also includes 1.0 acre of public open space.

**Recommendation for Project:** 3575 Mendocino Avenue Phase I is recommended for a conditional commitment of 30 vouchers for the following reasons:

- Provides needed affordable housing for seniors in one and two-bedroom units, targeted to extremely low, very low and low-income households.
- Readiness: Approvals – A General Plan Amendment, Rezoning, and Tentative Map for the project were approved by City Council in November 2020.
- Readiness: Financing – The project has secured 78% of its development costs and is being recommended for CDBG-DR funding.
- Readiness: Construction Timeline – Construction start is anticipated by September 2021 with completion anticipated by March 2023.
- The project will provide a large indoor community space, a media room, an exercise room, a computer room/library area, a central laundry room, bike rooms, mail room and a management office area that includes lobby seating and an information kiosk. The project will employ a Resident Services Coordinator, and the Sonoma County Area Agency on Aging and Sonoma County Family YMCA have both committed to providing on-site services for residents.

**Goals and Policies of the PBV program:** The project is consistent with the goals of the PBV program by developing new affordable housing for seniors and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

**Developer Experience.** Burbank Housing Development Corporation, a general partner in BRJE Housing Partners, has constructed over 2,559 rental units and manages over 2,400 units.

**Environmental.** In compliance with CEQA, the City Council approved a Sustainable Communities Environmental Assessment in December 2020; the NEPA Environmental Assessment has been initiated and is anticipated to be completed in spring 2021.

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*Burbank Avenue Apartments*

**Project Description:** Burbank Avenue Apartments is part of a larger site development plan known as the Burbank Avenue Subdivision. The entire Subdivision will consist of a total of 138 homes in a mix of housing types, including 62 single family homes, 12 duet row townhomes and 64 multifamily apartment homes. The apartment homes will be 100% affordable to households between 30% and 60% of AMI.

Burbank Avenue Apartments received a previous allocation of 12 PBVs in June 2020 and is requesting an additional four units for a total of 16 PBVs in the project. The request for additional vouchers is due to an approximately 13% increase in construction cost estimates between April and November 2020 from the impacts of the COVID-19 pandemic. The proposed PBV units will include five one-bedroom units, six two-bedroom units and five three-bedroom units. The unit affordability mix is: 24 units targeted to households with incomes up to 30% of AMI, 27 units targeted to household incomes up to 50% AMI, 12 units targeted to household incomes up to 60% AMI and one unrestricted manager unit.

The project is located at 1780 Burbank Avenue Santa Rosa, California; APN and 126-361-003, in the Southwest quadrant of Santa Rosa. The site is in close proximity to transit stops, Roseland Creek Elementary School, Roseland Accelerated Middle School and within walking distance a future city park.

**Recommendation for Project:** Burbank Avenue Apartments is recommended for a conditional commitment of four vouchers for the following reasons:

- Readiness - Approvals: the project is fully entitled and was approved by the Santa Rosa City Council in June 2020 through Resolution RES-2020-088
- Readiness - Financing: Project has commitment letters for the permanent loans and is investing 30% of the Developer fee into the project. The project is being recommended for CDBG-DR funding and is applying for tax credits in 2021
- Readiness – Construction Timelines: Construction is anticipated to start by April 2022 and be completed by July 2023
- The Project is located within the Roseland neighborhood, a Priority Development Area
- The project offers a mix of market-rate and affordable housing with a mix of housing types; this is consistent with the Housing Choice Voucher and Project Based Voucher program goal to deconcentrate poverty

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- The project will provide active and passive outdoor amenity spaces including barbecues, picnic tables, children’s play areas and green space; in addition, the Master Plan furthers the goals of pedestrian connectivity to the City of Santa Rosa’s future Burbank Avenue Community Park by providing a network of sidewalks connecting adjacent neighborhoods.
- The project will include a large community room, WiFi common areas and an enclosed mail room with package lockers; a Services Coordinator will also be available and services will have an enhanced focus on community engagement and resiliency.

**Goals and Policies of the PBV program:** The project is consistent with the goals of the PBV program by developing new affordable housing for families with children and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

**Developer Experience.** The development team for Burbank Avenue Apartments is comprised of a partnership between Waterstone Residential, LLC and Burbank Housing Development Corporation. Burbank Housing Development Corporation, a general partner, has constructed over 2,559 rental units and manages over 2,400 units. WSA Partners I, LLC, an affiliate of Waterstone, will serve as the Administrative General Partner, and will take the lead role in the development of the project. Waterstone and its affiliates have significant combined experience affordable and market rate development.

**Environmental.** The project is exempt from CEQA; a NEPA Environmental Assessment will be completed before entering into an Agreement to Enter into a Housing Assistance Payments (AHAP) Contract.

*The Cannery at Railroad Square*

**Project Description:** The Cannery at Railroad Square is a proposed six-story building with seven studios, 48 one-bedroom and 74 two-bedroom units located at 3 West 3<sup>rd</sup> Street and 60 West 6<sup>th</sup> Street in Railroad Square which will incorporate several elements of the original historic Cannery building, including the brick wall and original water tower. The project includes a total of 129 units with 33 PBV units dedicated to formerly homeless families over three one-bedroom, 22 two-bedroom and eight three-bedroom units. The unit affordability mix is: 33 units targeted to households with incomes up to 30% of AMI, 37 units targeted to household incomes up to 50% AMI, 58 units targeted to household incomes up to 60% AMI and one unrestricted manager unit.

The project is located at 3 West 3<sup>rd</sup> Street in Santa Rosa, APNs 010-171-018 and 010-171-012 in the Northwest quadrant. The site is adjacent to the SMART Train Railroad Square station and will construct a pedestrian promenade allowing resident access and will enhance pedestrian and bicycle connectivity to 4<sup>th</sup> Street and the Prince Memorial Greenway.

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**Recommendation for Project:** The Cannery at Railroad Square is recommended for a conditional commitment of 33 vouchers for the following reasons:

- Provides needed affordable housing for families across a variety of bedroom sizes and income levels, including 33 units targeted to formerly homeless families at 30% of AMI, 37 units at 50% of AMI and 58 units affordable at up to 80% of AMI.
- Readiness - Approvals: the project was granted ministerial through SB 35 approval in August 2020.
- Readiness - Financing: Project has commitment letters for the permanent loans, a prior Housing Authority loan commitment of \$450,000, and is investing over 75% of the Developer fee into the project. The project is also recommended for CDBG-DR funding
- Readiness – Construction Timelines: Construction is anticipated to start by July 2021 and be completed by June 2023.
- The Project is located within the Downtown Station Area Specific Plan area, a Priority Development Area.
- The Project will provide a community room with a warming kitchen and patio, computer lab, outdoor play area, offices for onsite staff, and laundry rooms.
- The Cannery will be coordinating with LifeSTEPS, to offer resident services that include adult education and health and wellness services.

**Goals and Policies of the PBV program:** The project is consistent with the goals of the PBV program by developing new affordable housing, providing housing for formerly homeless families and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

**Developer Experience.** The John Stewart Company has developed over 5,000 units, the majority of which are affordable and manages over 33,400 units statewide, including units in Santa Rosa.

**Environmental.** The project is exempt from CEQA; a NEPA Environmental Assessment will be completed in spring 2021.



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*Del Nido Apartments*

**Project Description:** Del Nido Apartments is an existing and occupied 206-unit project located at 850 Russell Avenue in the Northwest quadrant, APN 015-111-023. The project consists of 59 studios and 147 one-bedroom units across twenty single story structures. The units are currently 100% affordable to households with incomes up to 60% of AMI and the property currently houses 117 residents using tenant-based Housing Choice Vouchers.

Del Nido Apartments was constructed in 1971 as a market-rate community and was converted to affordable in the late 1990s. Eden Housing acquired the property in 2012 with the intention of preserving its affordability and rehabilitate the existing residential buildings and infrastructure. Major remediation projects to address failing utility lines have already been addressed, but design flaws have led to moisture-prone building envelopes, inadequate storm water drainage and aging unit finishes necessitate a substantial renovation of the property. The allocation of eight PBVs will allow the project to leverage debt to make the renovation of the property feasible and more competitive for tax exempt bond financing.

**Recommendation for Project:** Del Nido Apartments is recommended for a conditional commitment of eight vouchers for the following reasons:

- The project has provided 205 units of affordable housing in Santa Rosa since its conversion from market rate units in the late 1990s
- The project, originally constructed in 1971, is in need of substantial renovation to maintain physical and financial viability; providing an allocation of eight vouchers allows the project to leverage debt and tax-exempt bond financing meets the PBV program goal to preserve affordable housing
- The renovation scope will include new roofs, gutters and eaves and replacement windows to decrease condensation and increase energy efficiency; in addition, unit interior enhancements will be targeted to units for people with physical disabilities to improve accessibility and bathroom and kitchen fixtures targeted to units with original fixtures.

**Goals and Policies of the PBV program:** The project is consistent with the goals of the PBV program by preserving affordable housing and maintaining the lease-up rate for the Housing Choice Voucher program.

**Developer Experience:** Eden Housing was founded in 1968 and has developed, acquired or rehabilitated more than 11,000 affordable housing units across 15 counties in California.

**Environmental:** The project is exempt from CEQA; a NEPA Environmental Assessment will be completed before entering into a PBV Housing Assistance Payments (HAP) Contract.

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*Linda Tunis Senior Apartments*

**Project Description:** Linda Tunis Senior Apartments is the planned rehabilitation of the Scottish Rite Event Center located at 600 Acacia Lane in the Northeast quadrant of the city, APN 182-520-088. The project will provide 25 units of new affordable housing for extremely-low and very-low income seniors with the intent to provide affordable housing to seniors who were affected by the 2017 Tubbs fire and the 2019 and 2020 wildfires in and around Santa Rosa.

The 26 studio units are proposed at approximately 370 – 400 square feet with a full bath, kitchenette and semi-private sleeping area. Three units will be fully accessible for persons with mobility impairments and two units will be accessible to persons with sensory impairments. Common areas will be accessible, and the rehabilitated assembly building will be available as an event space. Linda Tunis residents will have access to the garden areas and exercise equipment that are part of the adjacent Acacia Lane Senior Apartments. There is a city bus stop directly in front of the project. The site is located 1.1 miles from a major grocery store and 1.2 miles from Howarth Park, a large city park which is adjacent to both a regional and state park. Linda Tunis Senior Apartments received a previous allocation of eight PBVs and after restructuring the financing plan submitted a new request for an additional 17 vouchers, bringing the project up to 100% PBV.

**Recommendation for Project:** Linda Tunis Senior Apartments is recommended for a conditional commitment of five vouchers, bringing the total PBV units in the project to 13, for the following reasons:

- Provides needed affordable housing for extremely low and very low-income seniors in the Northeast quadrant of the city in a service-rich area
- Readiness: Financing – The project has commitment letters for the permanent loan and various grants, a prior Housing Authority loan commitment of \$690,000, and is investing all of the Developer fee into the project. The project is also recommended for CDBG-DR
- Readiness - Approvals: the project's building plans were approved in April 2020 with permits currently pending issuance.
- Readiness - Timelines: Construction is anticipated to start by August 2021 and be completed by March 2022.
- The original dining hall/event space and kitchen utilized by the former Scottish Rite Event Center will be rehabilitated made available to tenants. A community room, gardens, and exercise equipment at the neighboring Acacia Lane Senior Apartments will be made available to tenants from the Linda Tunis Senior Apartments residents.

**Goals and Policies of the PBV program:** The project is consistent with the goals of the PBV program by developing new affordable housing for seniors and increasing and maintaining the lease-up rate for the Housing Choice Voucher program.

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**Developer Experience.** Petaluma Ecumenical Properties (PEP Housing) has 42 years of experience serving seniors, has constructed and manages 473 units in 17 properties in Sonoma, Butte, Marin, and Mendocino Counties.

**Environmental.** The project is exempt from CEQA; a NEPA Environmental Assessment has been completed with a Finding of No Significant Impact.

#### PROJECTS NOT RECOMMENDED FOR FUNDING

Eleven projects are not recommended for an allotment of PBVs at this time; a summary of these projects is presented in Attachment 7.

#### PRIOR HOUSING AUTHORITY REVIEW

None.

#### FISCAL IMPACT

The City of Santa Rosa Housing Authority has an existing Project-Based Voucher program with 139 operational units and 152 vouchers committed to future projects, representing a total of 13% of the Housing Choice Voucher program budget authority. The addition of 80 vouchers across the five proposed projects will increase PBV portion of the total budget authority to 20%.

Initial contract rents for the PBV units at all properties are expected to be set at the payment standard in place at the time of occupancy, subject to rent reasonableness determination.

#### COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

An Ad-Hoc Review Committee of the Housing Authority Board of Commissioners comprised of Commissioners Burke and Test met on January 11, 2021 and again on January 14, 2021 and unanimously recommended a conditional commitment of vouchers as follows: thirty vouchers to BRJE Phase I Housing Partners, L.P. (Related California) for 3575 Mendocino Avenue Phase 1 located at 3575 Mendocino Avenue; four vouchers to WSA Burbank Housing Partners I, L.P., (Waterstone Residential) for Burbank Avenue Apartments located at 1780 Burbank Avenue; thirty-three vouchers to The Cannery at Railroad Square, L.P. for The Cannery at Railroad Square located at 3 West Third Street and 60 West 6<sup>th</sup> Street; eight vouchers to Eden Housing Development, Inc. for Del Nido Apartments located at 850 Russell Avenue; and five vouchers to Petaluma Ecumenical Properties, dba PEP Housing for Linda Tunis Senior Apartments located at 600 Acacia Lane.

#### NOTIFICATION

Notification of this meeting was sent to each of the applicants.

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ATTACHMENTS

- Attachment 1 – Request for Proposals
- Attachment 2 – 3575 Mendocino Avenue Phase I Proposal
- Attachment 3 – Burbank Avenue Apartments Proposal
- Attachment 4 – The Cannery at Railroad Square Proposal
- Attachment 5 – Del Nido Apartments Proposal
- Attachment 6 – Linda Tunis Senior Apartments Proposal
- Attachment 7 – Summary of projects not recommended for PBV commitments
- Resolution 1 – 3575 Mendocino Avenue Phase I
- Resolution 2 – Burbank Avenue Apartments
- Resolution 3 – The Cannery at Railroad Square
- Resolution 4 – Del Nido Apartments
- Resolution 5 – Linda Tunis Senior Apartments

CONTACT

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