City of Santa Rosa

# LOAN MODIFICATION REQUEST FROM CATHOLIC CHARITIES FOR "THE BLOCK" AND RELEASE OF LOAN AND REGULATORY AGREEMENT FROM PARCELS TO BE DEVELOPED WITH CARITAS HOMES PHASE I AND II

Housing Authority Meeting
October 25, 2021

Megan Basinger
Interim Director, Housing and Community Services

# Site History

- Memorial Hospital owned the site and leased the former General Hospital site for operation of the Family Support Center
- Site acquired by Catholic Charities in 2015 with a loan from the Housing Authority.
- Catholic Charities acquired the remaining adjacent, privately-owned parcels, as well as the remanent parcels from the City.

# Site History



# Current

- “The Block” Requirements:
  - Compliance for fifty-five (55) years to June 30, 2070;
  - Use the six (6) existing residences on “The Block” for households at or below 80% of Area Median Income; and
  - Operate an emergency shelter for limited clientele.

# Current

- Approval from the City Council for the development of Caritas Village. Three separate phases that provide the following:
  1. Caritas Center – a comprehensive homeless support services facility with family units, respite beds, day center and associated services;
  2. Caritas Homes Phase 1* – a 64-unit multifamily rental complex affordable to households at or below 60% of area median income; and
  3. Caritas Homes Phase 2 – a 64-unit affordable rental complex.

*Caritas Homes Phase I has obtained funding and Project Based Vouchers for the project and is proceeding with initiating construction

# REQUEST

Catholic Charities is requesting that the Housing Authority amend the existing loan and Regulatory Agreement as follows:

a. Release the parcels that will be developed with Caritas Homes Phases I and II from the existing loan and Regulatory Agreement for “The Block”;
b. Revise the purpose of the loan and Regulatory Agreement to reflect that is applies solely to Caritas Center, a homeless services shelter and facility;
c. Revise the terms of the loan to remove the requirement of “surplus cash payment” as the loan will be secured against an emergency shelter;

# REQUEST (Continued)

d. Add a provision to the loan that it is forgivable at the end of the term;

e. Eliminate reference to the six (6) affordable housing units as they will be demolished as part of the redevelopment of the site; and

f. Modify the income requirements of the Regulatory Agreement to remove the six (6) affordable housing units.

# ANALYSIS

Staff is recommending the following:

a. Release Caritas Homes Phases I and II from the existing loan and Regulatory Agreement;

b. Revise the Regulatory Agreement to solely to Caritas Center, a homeless services shelter and facility;

c. Revise the loan term to remove the requirement of “surplus cash payment” as the loan will be secured against an emergency shelter;

d. The provision that the loan is forgiven at the end of the term is not supported as this is inconsistent with previous Housing Authority actions;

# ANALYSIS (Continued)

e. Eliminate reference to the six (6) affordable housing units as they will be demolished as part of the redevelopment of the site; and

f. Modify the income requirements of the Regulatory Agreement to remove the six (6) affordable housing units.

g. Release of Mitigation Declaration that was required for the six housing units.

# RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve the following modifications to Loan No. 9020-2525-15 to Catholic Charities of the Diocese of Santa Rosa for “The Block:” 1) partial termination and release the Deed of Trust and Regulatory Agreement on APNs 010-041-001, 010-041-015, 010-014-016, 010-041-041 and a portion of 010-041-020 Tract B (Caritas Homes Phase I) and a portion of APN 010-041-020 Tract C (Caritas Homes Phase II); 2) require Catholic Charities to enter into and record an Affordability Agreement for Caritas Homes Phase II to preserve the future affordability; 3) modify the existing Regulatory Agreement to eliminate the six (6) rental units that have been demolished; 4) release the Mitigation Declaration recorded against the Block; and 5) approve modification to the terms of the loan to reflect Caritas Center on APNs 010-041-004, 010-041-005, 010-041-011. 010-041-013, 010-041-017, 010-041-018, 010-041-014 and portions of 010-041-010, 010-041-008, and 010-41-019 (Tract A).

# Questions?