



# 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  
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# 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 it 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. Extend the loan due date from June 29, 2045 to June 30, 2070 to coincide with the end of the Regulatory Agreement;



# ANALYSIS (Continued)

- e. 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;
- f. Eliminate reference to the six (6) affordable housing units as they will be demolished as part of the redevelopment of the site;
- g. Modify the income requirements of the Regulatory Agreement to remove the six (6) affordable housing units; and
- h. 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; 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); and 6) approve an extension of the loan term from 30 to 55 years to June 30, 2070.

# Questions?