Agenda Item # _13.3___
For Housing Authority Meeting of: July 27, 2026

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
SUBJECT: APPROVING SUBORDINATION OF THE HOUSING AUTHORITY'S LOANS TO A NEW FIRST MORTAGE FOR ASTON AVENUE APARTMENTS – 623 ASTON AVENUE
AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Housing and Community Services Department recommends that the Housing Authority, by resolution, conditionally approve the subordination of the Housing Authority's loans for Aston Avenue Apartments, located at 623 Aston Avenue, with a combined principal balance of $558,071, to a new first mortgage in the approximate amount of $600,000 in connection with the acquisition of the property by Collin Hooper doing business as Crosscourt Properties, or an affiliated limited liability company.

EXECUTIVE SUMMARY

On November 24, 2025, the Housing Authority conditionally approved the transfer of ownership of Aston Avenue Apartments, located at 623 Aston Avenue ("Project"), from Sonoma Community Action Network (Sonoma CAN) to Crosscourt Properties or an affiliated limited liability company. The approval also authorized Crosscourt Properties to assume the Housing Authority's Regulatory Agreement, Density Increase Agreement, and loans, with a combined principal balance of $558,071, and extended the maturity dates of the loans from December 31, 2032, to June 2, 2061, to align with the term of the Regulatory Agreement.

The sale is scheduled to close by August 1, 2026. Crosscourt Properties proposes to finance the acquisition with a new first mortgage in the approximate amount of $600,000 and has requested that the Housing Authority subordinate its existing loans to the new mortgage.

BACKGROUND

Sonoma CAN is selling the Project and has entered into a purchase agreement with Crosscourt Properties, a Bay Area-based owner and operator of multifamily housing. The Project is a ten-unit apartment complex affordable to households with incomes at 50%, 60%, and 80% of Area Median Income (AMI). The Housing Authority has two loans secured by the property, with a combined principal balance of $558,071, maturing on December 31, 2032, together with a Regulatory Agreement and Density Increase Agreement that preserve affordability through June 2, 2061.

PRIOR HOUSING AUTHORITY REVIEW

On September 26, 1994, the Housing Authority, by Resolution No. 793, approved $5,782 in funding for Sonoma County People for Economic Opportunity (now Sonoma CAN) to operate as a Community Housing Development Organization under the HOME Investment Partnerships Program. Of that amount, $5,481 was subsequently incorporated into the Housing Authority financing for the Project.

On December 17, 2001, the Housing Authority, by Resolution No. 1171, approved a loan in the amount of $422,416 for the acquisition and development of the Project, bearing three percent (3%) simple interest, payable from residual cash receipts, and deferred for 30 years, with a maturity date of December 31, 2032.

On September 25, 2006, the Housing Authority, by Resolution No. 1367, approved an additional advance of $130,174 for construction-related costs under the same terms and extended the term of the Regulatory Agreement from 30 years to 55 years, through June 2, 2061.

On November 24, 2025, the Housing Authority, by Resolution No. RES-2025-018, conditionally approved: (1) the transfer of ownership from Sonoma CAN, formerly Community Action Partnership of Sonoma County, to Crosscourt Properties or an affiliated limited liability company; (2) the assumption by Crosscourt Properties of the Housing Authority's Regulatory Agreement, Density Increase Agreement, and loans, with a combined principal balance of $558,071; and (3) extension of the maturity dates of the Housing Authority loans from December 31, 2032, to June 2, 2061, to align with the term of the Regulatory Agreement.

ANALYSIS

The owner of Crosscourt Properties has experience developing and operating mixed-income housing in Michigan, Wisconsin, Alabama, and Nevada. The acquisition of Aston Avenue Apartments would be Crosscourt Properties' first project in California.

As part of the Housing Authority's November 2025 review, staff contacted references for Crosscourt Properties and reviewed financial statements for its Michigan and Wisconsin properties, as well as a projected operating pro forma for the Project. The materials demonstrated Crosscourt Properties' capacity to own, operate, and maintain the Project.

Crosscourt Properties proposes to finance the acquisition of the Project with the following sources:

Source	Amount
First mortgage	$600,000
Housing Authority loans, including principal and accrued interest as of July 31, 2026	$935,828
Buyer cash	$364,172
Total acquisition financing	**$1,900,000**

The Housing Authority loans have a combined principal balance of $558,071 and a projected outstanding balance of $935,828, including accrued interest, as of July 31, 2026.

The proposed first mortgage would have a 10-year term, bear interest at 7.5%, and require monthly interest-only payments of approximately $3,750.

Based on a purchase price and estimated property value of $1.9 million, the combined debt would result in a loan-to-value ratio of approximately 81%. The projected net operating income of $53,505 results in a debt-service coverage ratio of approximately 1.19.

Subordination of the Housing Authority's loans to the proposed first mortgage requires Housing Authority approval. Any approval would be conditioned on staff's review and approval of the final first mortgage loan documents and subordination agreement, and approval of those documents as to form by the Housing Authority's General Counsel.

FISCAL IMPACT

Approval of this action will not require an additional appropriation or expenditure from the Housing Authority's budget. Subordination of the Housing Authority's loans would place the proposed $600,000 first mortgage in a senior lien position.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines section 15378, the proposed action is not a "project" subject to the California Environmental Quality Act because it does not have the potential to result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Sonoma CAN and Crosscourt Properties have been notified of the meeting.

ATTACHMENTS

- Attachment 1 - Letter from Crosscourt Properties, dated July 15, 2026
- Resolution

PRESENTER

Kelli Kuykendall, Housing and Community Services Manager