

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: REBECCA LANE, PROGRAM SPECIALIST  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: CHANGE TO NAME OF ENTITY ON PRIOR AWARD OF PROJECT  
BASED VOUCHERS FOR DEL NIDO APARTMENTS

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, change the legal name of the entity awarded eight (8) Project Based Vouchers for Del Nido Apartments from Eden Development, Inc. to New Del Nido, L.P.

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EXECUTIVE SUMMARY

In response to the November 3, 2020, Request for Funding Proposals (RFP) for Project-Based Vouchers (PBV), the Housing Authority approved Resolution No. 1709 on January 25, 2021, committing eight (8) PBVs for Del Nido Apartments ("Project") to Eden Development, Inc., ("Developer"). On May 20, 2024, the developer requested that the Housing Authority revise the prior award to change the name of the awardee entity from Eden Development, Inc. to New Del Nido, LP (the "LP"). The Project secured Low Income Housing Tax Credits (LIHTC) for the planned rehabilitation/re-syndication and is anticipating closing construction financing on May 30, 2024. The change to the awardee is necessary to align the new ownership entity with the Agreement to Enter into Housing Assistance Payments (AHAP) and PBV Housing Assistance Payments (HAP) contract.

BACKGROUND

On November 3, 2020, the Housing Authority released an RFP announcing the availability of 80 PBVs. Existing units, substantial rehabilitation and new construction projects were all eligible to apply. Del Nido Apartments, a substantial rehabilitation project, applied for eight (8) PBVs under the RFP.

Del Nido Apartments is an existing 206-unit affordable housing development located at 850 Russell Avenue. The project consists of 59 studios and 147 one-bedroom units across twenty single story structures. 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

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had already been addressed at the time the Project applied for the PBVs, but a substantial renovation of the Project remained necessary to remediate moisture-prone building envelopes, inadequate storm water drainage and aging unit finishes. Including PBVs in the financing structure allowed the project to leverage debt and tax-exempt bond financing to complete the necessary renovations and met the PBV program goal to preserve affordable housing.

The Project was awarded a conditional commitment of eight (8) PBVs on January 25, 2021, under Resolution No. 1709. Since the RFP under which the Project applied for PBVs was intended to improve the financial feasibility of projects applying for other competitive funding, the conditions of the commitment required that the Project apply for and receive additional funding by June 30, 2022, or an extension date approved by the Housing Authority Executive Director. The Executive Director approved two extensions to the conditional commitment which will now expire on December 31, 2024.

The PBV application was submitted under the legal name of Eden Development, Inc., and the subsequent resolution awarding the Project a conditional commitment of PBVs identified Eden Development, Inc. as the awardee. Typically, the PBV AHAP contract is executed between the Housing Authority (Authority) and the PBV awardee as the owner. Upon review of the draft AHAP, Eden Housing, the Project sponsor, clarified that upon closing of the construction financing the property will be owned by the LP and requested that the AHAP be executed with New Del Nido, LP as the named owner, of which Eden Development, Inc. is the managing member of the limited liability company which functions as the managing member of the LP. In order to enter into the AHAP with New Del Nido, LP, the previous Housing Authority resolution awarding the PBVs to Eden Development, Inc. should be updated to acknowledge the ownership entity as New Del Nido, LP.

### ANALYSIS

In response to the November 3, 2020 (RFP), EDI requested an allocation of eight (8) PBVs for Del Nido Apartments. On January 25, 2021, the Housing Authority adopted Resolution 1709 awarding eight (8) PBVs to Eden Development, Inc. for Del Nido Apartments.

The Project secured Low Income Housing Tax Credits (LIHTC) for the planned rehabilitation/re-syndication and is anticipating closing construction financing on May 30, 2024. Additionally, in the case of substantial rehabilitation projects, final awards are also contingent upon a successful completion of a Department of Housing and Urban Development (HUD) Subsidy Layering Review (SLR), which is anticipated to be complete by May 29, 2024.

On May 20, 2024, the developer requested that the Housing Authority revise the name on the award of PBVs under Resolution No. 1709 from Eden Development, Inc to New Del Nido, LP to accurately reflect the ownership entity of Del Nido Apartments and allow the Authority to enter into an AHAP contract with New Del Nido, LP instead of Eden Development, Inc.

The AHAP contract terms will not change, and the PBV HAP Contract will be entered into between the Authority and New Del Nido, LP.

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PRIOR HOUSING AUTHORITY REVIEW

On January 25, 2021, the Housing Authority adopted Resolution No. 1709 awarding eight (8) PBVs to Del Nido Apartments.

FISCAL IMPACT

Approval of this action does not have an impact on the Housing Authority's budget.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required. Also, it is determined that the project is to be categorically excluded from the National Environmental Policy Act (NEPA) per 24 CFR 58.35(a)(5).

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On January 11, 2021, and January 14, 2021, a Housing Authority Project-Based Voucher RFP Ad Hoc Committee of the Housing Authority Commissioners consisting of Commissioners Burke and Test met to review the Project-Based Voucher proposals received in the November 3, 2020, and recommended a conditional commitment of eight (8) PBVs to Eden Development, Inc. for Del Nido Apartments.

NOTIFICATION

The Developer was notified of the meeting.

ATTACHMENTS

- Attachment 1 – Housing Authority Resolution No. 1709
- Attachment 2 – Entity Name Changes Request letter dated May 20, 2024
- Attachment 3 – Del Nido Apartments Ownership Organizational Diagram Post-Closing Resolution

CONTACT

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