

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: JULIE GAREN, PROGRAM SPECIALIST, HOUSING AND  
COMMUNITY SERVICES  
SUBJECT: MODIFICATION TO HOUSING AUTHORITY RESOLUTION  
NUMBERS 1694,1704,1707,1731,1743, FOR BURBANK AVENUE  
APARTMENTS TO CHANGE THE BORROWER ENTITY FROM  
WATERSTONE RESIDENTIAL, LLC AND WSA BURBANK  
HOUSING PARTNERS I, LP TO BHDC BURBANK AVE, LLC BY  
AND THROUGH BURBANK HOUSING DEVELOPMENT  
CORPORATION AND ALLOW PREDEVELOPMENT AS AN  
ELIGIBLE USE FOR THE LOCAL AND STATE FUNDS

AGENDA ACTION: RESOLUTION

---

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, modify Housing Authority Resolutions 1694, 1704, 1707, 1731, 1743, and 1759 to change borrower entity for the prior commitments for Burbank Avenue Apartments from Waterstone Residential, LLC and WSA Burbank Housing Partners I, LP to BHDC Burbank Ave, LLC, by and through Burbank Housing Development Corporation and allow predevelopment-related costs as an eligible use of funds.

---

EXECUTIVE SUMMARY

Burbank Avenue Apartments (Project) has been awarded four commitments of loan funds totaling \$13,184,325 and sixteen (16) Project-Based Vouchers (PBVs). The loan funding and PBV commitments have been awarded to the Project over time, between June 2020 and July 2023, and have been awarded to different borrower entities as the ownership structure of the Project has evolved. The borrower entities which have been included in commitments include Waterstone Residential, LLC, and WSA Burbank Housing Partners I, LP, a partnership with Burbank Housing Development Corporation (BHDC). Now fully funded, the Project has requested to transfer the ownership entity for all commitments to BHDC Burbank Avenue LLC, by and through its nonprofit partner, BHDC, and that predevelopment-related costs be added as an eligible use of loan funds as allowable. Approval of this transfer will allow the project to streamline the execution of loan documents and will alleviate a future tax obligation to the Project.

MODIFICATION TO HOUSING AUTHORITY RESOLUTION NUMBERS  
1694,1704,1707,1731,1743, FOR BURBANK AVENUE APARTMENTS TO CHANGE  
THE BORROWER ENTITY FROM WATERSTONE RESIDENTIAL, LLC AND WSA  
BURBANK HOUSING PARTNERS I, LP TO BHDC BURBANK AVE, LLC BY AND  
THROUGH BURBANK HOUSING DEVELOPMENT CORPORATION AND ALLOW  
PREDEVELOPMENT AS AN ELIGIBLE USE FOR THE LOCAL AND STATE FUNDS  
PAGE 2 OF 4

BACKGROUND

The Project, located at 1780 Burbank Avenue, is a new construction 64-unit, multifamily apartment development with 20 one-bedroom, 25 two-bedroom and 18 three-bedroom units. The unit affordability mix is: 16 units targeted to households with incomes up to 20% of Area Median Income (AMI), 8 units targeted to households with incomes up to 30% of AMI, 13 units targeted to households with incomes up to 40% AMI, 14 units targeted to household incomes up to 50% AMI, 12 units targeted to household incomes up to 60% AMI and one unrestricted manager unit. Sixteen units, equating to twenty-five percent (25%) of the project will be dedicated to individuals or households at-risk of homelessness.

On June 22, 2020, the Waterstone Residential, LLC was awarded twelve (12) PBVs for the Project via Resolution Number 1694. On January 25, 2021, via Resolution Numbers 1704 and 1707 the Housing Authority awarded WSA Burbank Housing Partners I, LP four (4) additional PBVS and \$5,000,000 in Community Development Block Grant-Disaster Recovery – Multifamily Housing program (CDBG-DR) funds for construction-related costs. The Housing Authority made three additional loan commitments to WSA Burbank Housing Partners I, LP for the Project including \$285,325 in California Permanent Local Housing Allocation (PLHA) funds on December 13, 2021, via Resolution Number 1731, \$4,400,000 in local funds on June 20, 2022, via Resolution Number 1743 and \$3,500,000 in CDBG, HOME Investments Partnership (HOME) Program and local funds on July 24, 2023, via Resolution Number 1759 for acquisition and construction-related costs.

BHDC and Waterstone Residential have requested a modification to the prior Housing Authority awards to change the borrower entity to BHDC Burbank Ave., LLC, by and through BHDC and to allow predevelopment-related costs to be included as eligible uses of loan funds for the local and PLHA funds awarded to the Project. Approval of this request will reduce a future tax obligation and maintain administrative consistency across the loans for the Project.

PRIOR HOUSING AUTHORITY REVIEW

On June 22, 2020, the Housing Authority approved an award of twelve (12) Section 8 Project Based Vouchers (PBVs) for a 20-year term HAP contract.

On January 25, 2021, the Housing Authority approved a commitment of CDBG-DR loan funds in the amount of \$5,000,000 for construction-related expenses and an additional four (4) PBVs with a 20-year HAP contract to the Project.

MODIFICATION TO HOUSING AUTHORITY RESOLUTION NUMBERS  
1694,1704,1707,1731,1743, FOR BURBANK AVENUE APARTMENTS TO CHANGE  
THE BORROWER ENTITY FROM WATERSTONE RESIDENTIAL, LLC AND WSA  
BURBANK HOUSING PARTNERS I, LP TO BHDC BURBANK AVE, LLC BY AND  
THROUGH BURBANK HOUSING DEVELOPMENT CORPORATION AND ALLOW  
PREDEVELOPMENT AS AN ELIGIBLE USE FOR THE LOCAL AND STATE FUNDS  
PAGE 3 OF 4

On December 13, 2021, the Housing Authority approved a commitment of PLHA loan funds in the amount of \$284,325 for construction-related expenses for the Project.

On June 20, 2022, the Housing Authority approved a commitment of local funds in the amount of \$4,400,000 for construction-related expenses for the Project.

On July 24, 2023, the Housing Authority approved a commitment of HOME, CDBG, PLHA and local funds in the amount of \$3,500,000 for acquisition and construction-related costs associated with the Project.

### ANALYSIS

With the Housing Authority loan and PBV commitments, a California Housing Accelerator (Accelerator) award from the California Department of Housing and Community Development (HCD), and a permanent loan secured, the Project is fully funded and anticipates commencing construction by December 18, 2023.

The Housing Authority has awarded the Project loan commitments totaling \$13,184,325 and 16 PBVs. The borrower entities for the awards include WSA Burbank Housing Partners I, LP and Waterstone Residential, LLC. WSA Burbank Housing Partners, LP is a limited partnership comprised of BHDC Burbank Ave. LLC and Waterstone Residential, LLC. Funding awards were made to different borrower entities for the Project as the ownership structure evolved over time.

BHDC and Waterstone Residential have requested a modification to the prior Housing Authority awards to change the borrower entity to BHDC Burbank Ave., LLC, by and through BHDC and to allow predevelopment-related costs to be included as eligible uses of loan funds for the local and PLHA funds awarded to the Project.

Aligning all Housing Authority awards under BHDC Burbank Ave, LLC by and through BHDC will 1) maintain administrative consistency in the funding agreements, and 2) reduce a future tax obligation to the Project.

The Project has been awarded \$5,091,080 from local sources and \$1,471,947 from PLHA funds. Predevelopment-related costs are an eligible use of these funding sources. Allowing the Project to include predevelopment-related costs as eligible uses of these funds will allow the project to draw down the funds and begin construction more quickly.

By changing the borrower entity to BHDC Burbank Ave. LLC, Waterstone Residential will be removed from the ownership structure. Waterstone will remain involved with the

MODIFICATION TO HOUSING AUTHORITY RESOLUTION NUMBERS  
1694,1704,1707,1731,1743, FOR BURBANK AVENUE APARTMENTS TO CHANGE  
THE BORROWER ENTITY FROM WATERSTONE RESIDENTIAL, LLC AND WSA  
BURBANK HOUSING PARTNERS I, LP TO BHDC BURBANK AVE, LLC BY AND  
THROUGH BURBANK HOUSING DEVELOPMENT CORPORATION AND ALLOW  
PREDEVELOPMENT AS AN ELIGIBLE USE FOR THE LOCAL AND STATE FUNDS  
PAGE 4 OF 4

Project as a consultant, providing support through construction completion. Burbank Housing Development Corporation is the managing and sole member of BHDC Burbank Ave, LLC. With construction now completed on the Caritas Homes Phase I and 3575 Mendocino Avenue Phases I and II, BHDC will have capacity to assume the primary developer during the Project's construction phase. Due to future tax obligations to the Project if Waterstone remains in the ownership structure, it is financially beneficial to the Project to be held by BHDC Burbank Ave. LLC.

### FISCAL IMPACT

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

### ENVIRONMENTAL IMPACT

The Housing Authority finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under 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 that no further environmental review is required.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable.

### NOTIFICATION

BHDC and Waterstone Residential were notified of this meeting.

### ATTACHMENTS

- Attachment 1 – BHDC Request Letter
- Attachment 2 – Waterstone Residential Request Letter
- Attachment 3 – Resolution Number 1694
- Attachment 4 – Resolution Number 1704
- Attachment 5 – Resolution Number 1707
- Attachment 6 – Resolution Number 1731
- Attachment 7 – Resolution Number 1743
- Attachment 8 – Resolution Number 1759
- Resolution