SUBORDINATION OF THE HOUSING AUTHORITY’S LOANS FOR ASTON AVENUE APARTMENTS

July 27, 2026

Housing and Community Services

Kelli Kuykendall, Manager

Background

- Aston Avenue Apartments, 623 Aston Avenue
- 10 unit complex affordable to households at 50%, 60%, 80% of Area Median Income (AMI)
- Owned by Sonoma Community Action Network (Sonoma CAN, formerly Community Action Partnership of Sonoma County)
- Housing Authority has two loans on the property due December 31, 2032

$558,071	Principal
$377,757	Interest
$935,828	As of July 31, 2026

- Regulatory Agreements securing affordability to June 2, 2061

City of Santa Rosa

Background

November 24, 2025, Housing Authority approved the following:

1. Transfer of ownership to Crosscourt Properties
2. Assumption of the Housing Authority’s loans, Regulatory Agreement, and Density Increase Agreement
3. Extension of the loans to June 2, 2061 to align with the terms of the Regulatory Agreement

- Sonoma CAN and Crosscourt Properties entered into a Purchase Agreement
- Sale of the property scheduled to close by August 1, 2026

Analysis

Crosscourt Properties proposed financing:

$600,000 First Mortgage, 10-year term, 7.5%, interest only payments

$935,828 Housing Authority loans (principal + accrued interest)

<u>$364,172 </u>Estimated cash

$1,900,00 Purchase Price

- Loan to Value = .81
- Debt-Service-Coverage- Ratio = 1.19

Analysis

- As part of November approval, staff checked Crosscourt Properties' references and reviewed financial statements for their properties in Michigan and Wisconsin and projected operating pro-forma for Aston Avenue demonstrate capacity to maintain/operate the properties
- Subordination of the Housing Authority's loans to a first mortgage requires Housing Authority approval
- Approval will be conditioned upon staff's review of the first mortgage loan documents and subordination agreement and approval as to form by the City Attorney

City of Santa Rosa

Recommendation

The Housing and Community Services Department recommends that the Housing Authority, by resolution, conditionally approve the subordination of the Housing Authority’s loans, in the principal amount of $558,071, to a first mortgage in the approximate of $600,000 for the acquisition of Aston Avenue Apartments, 623 Aston Avenue, by Collin Hooper DBA Crosscourt Properties or an affiliate Limited Liability Company (LLC).

City of Santa Rosa

Questions?