HABITAT FOR HUMANITY OF SONOMA COUNTY– DUNCAN VILLAGE

Amount Requested: $350,000  
Total Project Cost: $6,641,110

Project Description Summary from Applicant’s Submitted Application:
“Habitat for Humanity is building 16 homes on the 1.34-acre parcel at 484 Wall Street, Windsor. These homes will be affordable homeownership units. There will be a mix of household incomes ranging from (50%AMI to 80% AMI). We practice green and sustainable building methods. It is located within a half mile of the Town Green, business district, parks, outdoor events, farmers market, schools, public transportation, grocery stores and the future SMART Train station. Habitat has executed a contract with an off-site construction builder, Healthy Buildings based in Napa, to help reduce the construction time significantly. They partially construct units in their warehouse, and deliver them to the site once site improvements are complete. This method expedites the delivery of housing units.”

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The Town of Windsor determined that the project was consistent with the General Plan in a letter dated 08/21/2017.

Does the applicant possess site control?
Yes, the applicant possesses site control in the form of a grant deed dated July 11, 2018.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority
The Commission established the top three guiding principles and priorities for this funding cycle as follows:

1. Projects that serve the maximum number of people at the lowest income threshold.
The project proposes to create a total of 16 homes, which can potentially house up to 144 people. Three 2-bedrooms, 9 3-bedrooms and four 4-bedroom homes are restricted to low-income at 80% AMI. Each home comes with a 30 year length of affordability. All units will possess a 30+ year length of affordability.

2. Projects that expedite the creation of new housing opportunities.
Project schedule shows full occupancy scheduled for January, 2020. Entitlements are scheduled for completion in October 2018.

3. Projects that leverage public funds to the greatest extent possible.
This project proposes to leverage funds from the following sources:
$400,000  2017 CFH Funding Award (Committed)
$110,500  HOME Funding Awards (Committed)
$556,000  Town of Windsor IHF Funds (Committed)
$3,880,000  Permeant Mortgage (Uncommitted)
$240,000  WISH Funds (Committed)
$1,104,610  Owner Equity/Loan (Uncommitted)
EDEN DEVELOPMENT, INC. (AFFILIATED WITH EDEN HOUSING, INC.)– QUAIL RUN APARTMENTS

Amount Requested: $3,000,000
Total Project Cost: $93,718,242

Project Description Summary from Applicant’s Submitted Application:

“Quail Run Apartments is an affordable housing development in south Santa Rosa, California. Built in 1998 and acquired by Eden in 2014, the site covers 10 acres and consists of one community building and 200 one- to four-bedroom residential units scattered across 10 two- and three-story, wood-frame, walk-up apartment buildings. Quail Run is home to almost 600 residents, including many families and seniors. We are applying for funding to support the property’s substantial rehabilitation, including replacement or repair of the stair systems, building envelope, building systems, and interiors. In addition, we would like to explore the possibility of adding new units to densify the site. This funding will leverage other much-needed funding, including tax credit equity and gap financing from local, state, and federal sources.”

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The applicant did not provide any documents from the City of Santa Rosa Planning and Economic Development Department.

Does the applicant possess site control?
Yes, the applicant acquired the subject property in 2014.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top three guiding principles and priorities for this funding cycle as follows:

1. Projects that serve the maximum number of people at the lowest income threshold.
This project proposes to rehabilitate 199 affordable housing units and further restrict 20 units to a deeper tier of affordability, which can potentially house up to 1099 people. Twenty units are restricted to very-low income at 50% AMI, 179 units are restricted to low-income at 60% AMI and 1 unrestricted manager’s unit. The CFH Policies require all assisted units to be restricted at specified levels for 55 years.

2. Projects that expedite the creation of new housing opportunities.
No, this proposal will not create any new housing opportunities. This proposal will substantially rehabilitate 199 units of existing affordable housing and 1 unrestricted unit. The applicant is exploring the possibility of densifying the site although separate from this application.

3. Projects that leverage public funds to the greatest extent possible.
Funding sources for this project include:
$18,095 Santa Rosa Loan Accrued/Deferred (Committed)
$411,714 Santa Rosa Loan (Committed)
$19,452,000  Bank Tax Exempt Permanent Loan (Committed)
$5,532,880  Gap Loan (Uncommitted)
$228,816  Gap Loan Accrued/Deferred Interest (Uncommitted)
$19,694,624  Seller Take Back Loan (Committed)
$5,628,077  Deferred Development Fee (Committed)
$2,488,029  Income from Operations Prior to Conversion (Committed)
$718,786  General Partner Contribution (Committed)
$3,635,158  Gen Partner Contribution 2 (Committed)
$32,910,064  Limited Partner Contribution (Uncommitted)

If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $30.24 from other sources. The full amount of CDC subsidy requested would be $15,075 per affordable unit.

**CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.**

The project will preserve 199 units of existing affordable housing for very low- and low-income households.

**Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.**

This application is not creating new housing units. Although the maximum density is not applicable no certification from the City of Santa Rosa Planning and Economic Development was provided.

**Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process.** This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Without a certification from the City of Santa Rosa Planning and Economic Development, staff has applied Permit Sonoma Readiness Scoring form, the project would have a comparable readiness score of 3 (3 being more information needed to determine consistency & necessary entitlements).

Applicant lists the construction phase completion date as May 1, 2021.

**Analysis**

Total development cost per unit: $470,945
Total hard cost per unit: $80,402

**Pros for the Project:**
- Will preserve 199 affordable rental units in a Priority Development Area (PDA)
- Property houses very low- and low-income residents
- Residents have access to onsite services
- Experienced developer and supportive services provider
MEMORANDUM - REVISED

Date: October 17, 2018
To: Community Development Committee
From: Felicity Gasser, Interim CDBG-DR Administrator
Subject: Substantial Amendment of the FY 2018-2019 Action Plan

When your committee recommended approval of the FY 2018-2019 Action Plan to the Board of Supervisors, $391,269 in HOME funds and $130,338 in CDBG funds were reserved to be awarded at a future date. The Urban County received substantially more CDBG and HOME funds than originally anticipated, and staff recommended holding these funds in reserve until more was known about how CDBG-Disaster Recovery funds and State Homeless Emergency Aid Program (HEAP) funds would be rolled out.

We now know that CDBG-Disaster Recovery funds coming to the State of California Department of Housing and Urban Development will include a multi-family housing program. Deploying CDBG and HOME funds to the most shovel ready projects will ensure that CDBG-DR can be deployed to future multifamily rental housing in the pipeline. We also know that HEAP will include resources for capital projects and services for people experiencing homelessness. Using CDBG dollars to assess anticipated homeless services needed to serve vulnerable populations impacted by the October fires will ensure strategic deployment of future CDBG Public Services dollars as well as HEAP funds.

On October 3, 2018 HUD approved the FY 18-19 Action Plan with the exception of the $34,000 award to Community Housing Sonoma County (CHSC) for operating cost funds. This use of funds was deemed ineligible by HUD because CHSC is not currently receiving any CHDO set-aside funds, nor has CHSC indicated that it will be applying for CHDO set-aside funds for a project within two years. The HOME regulations require that one of these conditions be met in order to receive operating cost funds. Staff is recommending to the Committee that the $34,000 in HOME funds deemed ineligible for use by CHSC for operating expenses be added to the funds to be awarded in the substantial amendment to the FY 18-19 Action Plan.

In consideration of these factors, staff recommends the following uses of the FY 18-19 CDBG and HOME funds currently held in reserve:

**HOME Program - $391,269 in FY 18-19 funds currently held in reserve**

($155,686 unallocated FY 18-19 funds) + ($133,137 in unallocated FY 18-19 CHDO set-aside funds (available for any HOME-eligible project because of the disaster waiver)) + ($102,346 in unallocated FY 17-18 CHDO set-aside funds) + ($34,000 in FY 18-19 funds deemed ineligible for the proposed use by HUD)
Duncan Village $300,334,000 – Habitat for Humanity has consistently messaged that filling a gap of approximately $350,000 will move them across the threshold and allow them to break ground with this project. The HOME program is well suited for funding single-family new construction. By strategically utilizing HOME funds for Duncan Village, the committee can focus use of County fund for Housing (CFH) on long-term gap financing for affordable multi-family rental projects.

Altamira Apartments $91,269 – When combined with $91,338 in CDBG dollars (see recommendation below), Satellite Affordable Housing Associates (SAHA) is confident that this additional local funding will make the Altamira Apartments development project sufficiently competitive for the next round of 9% tax credits (February 2019), meaning that these funds will be highly leveraged to provide deep affordability. The Altamira Apartments narrowly missed receiving a 9% tax credit award in the last funding round; these additional local funds will give the project an excellent chance of a successful application – securing full funding needed to break ground on the project.

CDBG Program funds - $130,338 in FY 18-19 funds currently held in reserve

$39,000 Precariously Housed Study -- Last year the Commission conducted a telephone survey after the fires to understand the precariously housed population following the October 2017 fires, and predict the anticipated impact on homeless services as people who were precariously housed used up resources, some becoming homeless. The Sonoma County homeless system of care has since seen an uptick in the need for homeless services. The Commission has a continuing need to better understand this vulnerable population, as it informs future deployment of homeless services for populations impacted by the fires. A survey identifying people in need of public services is an eligible use of CDBG public service dollars.

$91,338 Altamira Apartments – Because of the disaster waiver granted by HUD, the County has a unique ability to use the FY 17, 18 and 19 allocations of CDBG for new affordable housing construction. Altamira has other funding subjecting them to prevailing wage, so use of CDBG will not increase construction costs for this project. Combined with the $91,269 in HOME dollars, Satellite Affordable Housing Associates (SAHA) is confident that this additional funding will make the project sufficiently competitive for the next round of 9% tax credits, meaning that these funds will be highly leveraged to provide deep affordability for the Altamira Apartments project. Furthermore, because entitlements are complete and other financing commitments are in place, the project will be able to spend CDBG dollars quickly, ensuring that the Commission meets its "timeliness test".

According to the Sonoma County Citizen Participation Plan adopted in May 2018, the above-proposed changes constitute a material change to the FY 18-19 Action Plan and are therefore considered a substantial amendment, subject to a public comment period, a public hearing and board approval.

Staff requests your committee’s recommendation that the proposed substantial amendments to the FY 18-19 Action Plan be made available to the public for comment and go before the Board of Supervisors for approval so that the Substantial Amendment can be submitted to HUD.