



## Staff Reports

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**File #:** 1682-2018, **Version:** 1

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**To:** Honorable Mayor and Members of City Council  
**From:** Lark Ferrell, Housing Mgr; Acting Community Development Director  
**Prepared By:** Lark Ferrell, Housing Mgr; Acting Community Development Director

**TITLE:**  
Affordable Housing Impact Fee Fund Loan Reservation for Heritage House

**RECOMMENDED ACTION:**

Adopt a resolution authorizing a reservation of funds and a budget adjustment in the amount of \$2,200,000 for the Heritage House Affordable Housing Project, which includes 66 rehabilitated and repurposed units, located at 3700 Valle Verde Drive

**DISCUSSION:**

The non-profit housing agencies Burbank Housing Development Corporation and Abode Services (collectively “the Developer”) are proposing to acquire and rehabilitate the former Sunrise Assisted Living Facility located at 3700 Valle Verde Drive (“Site”). This Site was recently acquired by the Gasser Foundation so it could be developed, along with an adjacent site, into affordable housing. The Developer is proposing to repurpose the abandoned building on the Site into 66 single room occupancy units (SROs) (the “Project”). Approximately half of the 66 units would be permanent supportive housing (PSH) for formerly homeless, and the other half would be made available to very-low income tenants at affordable rents.

The entire Project would be professionally managed by Burbank Housing. On and off-site supportive services would be provided to the PSH residents. These services would be provided by Abode Services and the County of Napa. As part of the joint City/County redesign of the community’s homeless system, national experts Corporation for Supportive Housing and National Alliance to End Homelessness identified increasing the community’s supply of PSH units as a critical part of solving homelessness in Napa. This Project would provide permanent, stable housing to 33 of Napa’s most vulnerable community members. Additionally, the remaining units would provide much-needed affordable housing to very-low income tenants, including members of the local workforce. Both Burbank Housing and Abode Services have experience in operating affordable housing which includes PSH units.

The Developer has requested the County of Napa submit an application to the State of California’s No Place Like Home (NPLH) Program for NPLH funds for the Project. NPLH, which is funded by State bonds, helps fund the development of permanent supportive housing for mentally ill persons who are homeless or at-risk of homelessness. If the County’s application is successful, it would provide over \$7 million in funding for the Project. Because the County would be competing against

other counties in the “small county” pool, the Developer has requested the City provide a \$2,200,000 loan reservation for the Project prior to the January 31, 2019 application due date. This would increase the County’s competitiveness for NPLH funds. The City’s loan would be leveraged with a number of other funding sources. It is anticipated other sources would include the Gasser Foundation, the County’s Housing Trust Fund, Partnership Health Plan, tax credit equity, and developer contributions. The Developer has also expressed interest in incorporating Section 8 project-based vouchers into the Project. That would require a separate future action by the Housing Authority Board.

If Council approves a loan reservation, staff would return at a future City Council meeting for formal loan approval. This would not occur unless the Project’s land use entitlement application and environmental impact report receive City approval, and formal loan underwriting has been completed. As a condition of the City’s loan, the Project would be subject to a 55-year affordability restriction to ensure the Project remains affordable to very-low income tenants. The terms and conditions of the loan would be in accordance with guidelines adopted by the City in 2010 for its Affordable Housing Trust Fund (funded by Affordable Housing Impact fees).

If the Project is successful in obtaining NPLH funds and all other sources of funding for the Project, it is anticipated renovation of the former Sunrise Assisted Living Facility would begin in 2020 with estimated occupancy in late 2021.

**FINANCIAL IMPACTS:**

This item has no impact to the General Fund. However, approving the loan reservation would result in the commitment of \$2,200,000 from the City’s Affordable Housing Impact Fee Fund (22201-58608). This would leave an uncommitted fund balance of approximately \$4.2 million available for other affordable housing projects.

**CEQA:**

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not in-and-of-itself a “project” (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. However, the Recommended Action is part of a larger “project” that will be subject to environmental review in accordance with CEQA at the “earliest feasible time” prior to “approval” consistent with CEQA Guidelines Section 15004 and 15352. The larger “project” includes the land use entitlements for the Heritage House, which is the rehabilitation and repurposing of a former assisted living facility into 66 units of permanent supportive housing and affordable housing along with the construction of a new 24-unit multi-family affordable housing project on an adjacent site.

**DOCUMENTS ATTACHED:**

ATCH 1 - Resolution

**NOTIFICATION:**

Gasser Foundation, Burbank Housing, Abode Services, and Napa County were all notified of this agenda item. In addition, this item was placed on an agenda and circulated for public review at least 72 hours before the meeting.