



## Staff Reports Details (With Text)

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Date	Ver.	Action By	Action	Result
6/20/2017	1	HOUSING AUTHORITY	adopted	Pass

**To:** Honorable Chair and Commissioners

**From:** Rick Tooker, Community Development Director

**Prepared By:** Lark Ferrell, Housing Manager

### **TITLE:**

Stoddard West Apartments Project-Based Vouchers

### **RECOMMENDED ACTION:**

Adopt a resolution approving an award of eight project based vouchers to Burbank Housing Development Corporation for the Stoddard West Apartments Project, and determine that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

### **DISCUSSION:**

The Housing Authority provides Section 8 rental assistance throughout the County of Napa. Typically, this rental assistance is in the form of Housing Choice vouchers which are tied to the tenant. However, HUD allows a housing authority to set aside vouchers for up to 20% of its authorized units for a specific project ("project based vouchers" or "PBVs"). This means the PBV's are tied to a property rather than to a tenant. The Housing Authority's Five Year Annual Plan identifies funding PBV's as a strategy to expand housing opportunities for lower-income households.

PBV's have several advantages over Housing Choice vouchers. First, because the vouchers provide for higher rents than are typically received for rent restricted affordable units, PBV's allow an affordable housing developer to borrow a larger mortgage, which in turn helps fund development of the affordable housing. Thus, PBV's help finance construction of additional affordable housing in the community. Secondly, in a tight rental environment, such as currently exists in Napa County, tenants with vouchers often have a very difficult time finding housing. Because the Section 8 assistance is

tied to the units, the tenants do not have to compete on the open market for units.

Burbank Housing Development Corporation (BHDC) has requested eight PBV's for its proposed Stoddard West Apartments Project, a 50-unit rental project (the "Project") which would be located on Gasser Drive north of the South Napa Market Place along Tulocay Creek. The Project would include 49 units affordable to lower income households and one unrestricted manager's unit. Rents in the Project would be well below market and generally affordable to households earning 30% to 60% of area median. One of the PBV units would be set-aside for a homeless household. The Project would include 15 one-bedroom units, 30 two-bedroom units, and 15 three-bedroom units.

In May 2017, the City Council approved amending the CDBG Annual Action Plan to award BHDC \$2 million in CDBG funding to acquire the land from the Gasser Foundation for the Project. In addition, there is an item on the City Council's June 20 agenda which would authorize a \$1,000,000 loan for the Project from the City's Housing Impact Fund. BHDC is proposing to leverage the City loans with a \$2,000,000 loan from the County, \$2,000,000 from the Napa Valley Community Foundation, \$1,500,000 from the Gasser Foundation, a \$3,204,000 conventional mortgage loan, and \$10,410,000 in tax credit equity. Additionally, Gasser Foundation would donate approximately \$650,000 in previously completed predevelopment work to the Project. Because PBV's would increase the Project's rental income, the eight PBV's would allow BHDC to qualify for \$1,195,000 more in mortgage financing than if the Project was financed without using PBV's.

BHDC is submitting a 9% tax credit application in the June rounds. If this application is approved for funding, it is anticipated the project would be fully funded and ready to break ground in the March 2018. The Project was recently approved by Planning Commission and is scheduled to go before City Council for final approval of its entitlements at the City Council's June 20<sup>th</sup> meeting.

BHDC is an experienced non-profit housing developer based in Sonoma County. BHDC was established in 1980 and has successfully developed, owned, and operated over 3,600 units of affordable housing. It has developed numerous types of housing including both multifamily rental housing, farmworker rental housing, special needs housing, and mutual self-help (sweat equity) ownership housing. It currently manages over 2,900 units of affordable housing in Sonoma and Napa Counties.

The award of PBV's can be done on a competitive or non-competitive basis. Based on HUD regulations and the Housing Authority's Administrative Plan, the Housing Authority will use a competitive request for proposal basis for project selection except if a project meets specific criteria. Specifically, the project must have been chosen for other funding through a State, federal or local competitive selection process, it must be located outside of a high poverty census tract, and it must expand the community's supply of affordable housing. Based on these requirements, BHDC is eligible to apply non-competitively for PBV's for Stoddard West.

Prior to both the start of construction and entering into a formal agreement with BHDC, the Project must complete environmental and financial reviews as required by HUD. The Housing Authority would enter into an Affordable Housing Assistance Payment Agreement (AHAP) with BHDC, or the limited partnership formed by BHDC for the development of Stoddard West to ensure the project complies with all HUD requirements during construction. Post construction, BHDC would enter into a 15-year Housing Assistance Payment (HAP) contract along with a simultaneous 15-year extension which would provide for a total term of 30 years. Under the HAP contract, the Housing Authority would require eight units be rented through the Section 8 PBV program.

At the point the project is ready for occupancy, lower-income households who are on the general Section 8 waiting list will be contacted to see if they are interested in living at Stoddard West with a PBV. They would be placed on a separate Section 8 waiting list specifically for that project. If there is not sufficient interest, the PBV waiting list would then be opened to new applicants who are not on the Section 8 waiting list. The one unit which is proposed to be set-aside for homeless persons would be filled based on referrals from the Continuum of Care service providers.

Staff recommends the Board approve an award of eight PBV's to BHDC for Stoddard West Apartments Project. This is an important piece of financing for the Project. It will also expand housing opportunities to Section 8 voucher holders. Additionally, it would provide one unit of housing for a homeless household.

**FINANCIAL IMPACTS:**

This action would allocate approximately \$150,000 in annual Section 8 rental assistance over a 15-year period to be used for eight units at Stoddard West. If the Housing Authority does not approve project-based vouchers for this project, the same amount of rental assistance would instead be used to fund tenant-based vouchers. Therefore, the net financial impact is zero.

**CEQA:**

City staff recommends that the City Council determine that the potential environmental effects of the Project were adequately examined by the Environmental Impact Report (EIR) adopted for the Gasser Master Plan (File No. 02-0134), certified December 12, 2006, and the Addendum that was prepared in conjunction with the Vista Tulocay Apartments (File No. PL13-0139), adopted August 16, 2016. The Gasser Master Plan EIR and the Addendum are on file in the Office of the City Clerk, and are incorporated herein by reference. Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162 which stipulates that where an environmental impact report has previously been prepared on a project, no additional CEQA review is required for subsequent approvals unless there are new significant environmental impacts which were not addressed in the previous EIR. The City has determined there is no substantial change to the project that involves new significant environmental effects or an increase in the severity of a previously identified significant effect; (2) there is not a substantial change to the circumstances which the project is undertake that involves new significant environmental effects or an increase in the severity of a previously identified significant effect; and (3) there is no new information of substantial importance that shows the Project will have a significant effect, significant effects will be more severe, and mitigation measures that would reduce significant effects are rejected by the Applicant. The project shall be subject to the mitigations incorporated as conditions of approval identified in City Council Resolution R2006 193.

**DOCUMENTS ATTACHED:**

ATCH 1 - Resolution approving award of eight project-based vouchers to Burbank Housing Development Corporation for Stoddard West Apartments Project

**NOTIFICATION:**

Notification was provided to BHDC, the County, and the Gasser Foundation.