

MIDPEN HOUSING– 414 PETALUMA BLVD

Amount Requested: \$2,948,072 (Capital)

Total Project Cost: \$32,487,523

Project Description Summary from Applicant's Submitted Application:

414 Petaluma is a proposed 42 unit, 100% affordable, family housing development on an infill site just north of historic downtown Petaluma. Development of Petaluma's historic downtown core is extending northward along Petaluma Boulevard, making this an ideal location for housing. The site is conveniently located on a main thoroughfare through the city, in a walkable and transit rich location in close proximity to all necessary community amenities.

Project type: Affordable Housing

Proposed use of funds: Capital

Project Location: Petaluma, CA

State NPLH NOFA Priorities:

Percentage of Total Project Units Restricted to Target Population

Total Project Units: 42

Total Restricted Units: 13

Percentage of Total Project Units Restricted to Target Population: 31%

Leverage of Development Funding

Project proposes to leverage funds from the following sources:

- Permanent Loan (\$4,445,600)
- County Fund for Housing (\$500,000)
- Petaluma Housing Funds 1 (\$2,000,000)
- Petaluma Housing Funds 2 (\$1,800,000)
- CFH 2020 (\$2,000,000)
- Fee Waiver (\$243,608)
- NPLH-Competitive (\$2,948,072)
- CDBG-DR (\$1,600,000)
- Joe Serna Farm Worker (\$1,140,000)
- AHP (\$615,000)
- Tax Credit Investor Proceeds (\$14,585,143)
- GP Equity (\$100)
- Deferred Developer Fee (\$610,000)

Leverage of Rental or Operating Subsidies

Project proposes to leverage twelve (16) Project-Based Vouchers ("PBV") from the Sonoma County Housing Authority's Housing Choice Voucher (Section 8) program. 13 of the PBV's are anticipated to be layered on the NPLH units.

Readiness to Proceed

The proposed project has received full entitlements through the SB-35 ministerial approval process. The City of Petaluma is filing a Notice of Determination for the project. Developer has

site control and will purchase prior to close of construction loan. Project sponsor proposes a time line that aims for a construction start date of March 2022 and 100% occupancy date of October 2023.

On-Site and Off-Site Supportive Services

The project proposes the lead service provider to be Sonoma County Behavioral Health, with a combination of on-site and off-site supportive services for the 13 NPLH units. Additionally, MidPen Resident Services Corporation has experience providing direct services, crisis intervention, linkages and referrals, benefits assessments, and on-going support for high-risk, vulnerable residents. The MidPen Resident Services Coordinator will work closely with Behavioral Health to ensure onsite activities are coordinated with each individual tenant.

Past History of Evidence Based Practices

In addition to the 20 years of experience that MidPen Resident Services Corporation possesses, MidPen Housing is the owner-operator of over 110 communities and over 8,000 units of affordable housing.

Sonoma County Community Development Commission Scoring Criteria

Criteria	Maximum Points
Overall Plan – including development, property management and lead service provider.	(25 possible)
Amount and type of committed financing sources	(15 possible)
Demonstrated Financial Capacity – company financial capacity, access to credit, strength of balance sheet	(15 possible)
Quality Development Project Experience – demonstrated ability to produce high quality affordable housing units	(15 possible)
Property Management Experience – proven ability to effectively manage mixed-income multi-family housing.	(15 possible)
Lease Service Provider experience	(15 possible)
TOTAL	(100 possible)

Analysis

Total development cost per unit: \$773,512

Total hard cost per unit: \$512,648

Total NPLH cost per restricted unit: \$226,775

Pros for the Project:

- High percentage of units restricted to total population
- Provides affordable housing in an underserved section of Sonoma County
- Developer has capacity and experience for these project types
- Support and funds from the City of Petaluma
- Full entitlements through SB-35

Cons for the Project:

- Project identifies only Sonoma County Behavioral Health as a contract service provider
- Project assumes a \$2,000,000 award from this year's CFH funding round
- Project proposes going for 9% tax credits, which adds a level of uncertainty to project's finance plan
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Staff Recommendation

Staff recommends collaborating with project sponsor on a NPLH application.