



**CITY OF EUREKA & THE HOUSING AUTHORITY OF
THE CITY OF EUREKA**

**DRAFT APPLICATION FOR THE 24FY U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT'S PATHWAYS TO
REMOVING OBSTACLES TO HOUSING COMPETITIVE GRANT**

CALIFORNIA

The City of Eureka welcomes all public comments at the special City Council Meeting scheduled for Monday, October 14th, 2024 at 5:00 PM

Please direct all written comments to the City of Eureka, attention Kristen Raymond, Project Manager, by delivery or mailing to City of Eureka, Attn—Kristen Raymond, 531 K Street, Eureka, California 95501 or by email to kraymond@eurekaca.gov.

All comments should be submitted no later than 4:00 pm on October 14, 2024.

DRAFT FY2024 Everding Community PRO Housing Application
Applicant: City of Eureka and Housing Authority of Eureka

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DRAFT Exhibit A: Executive Summary

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Exhibit A Executive Summary.

The City of Eureka (“City”) and the Housing Authority of the City of Eureka (“HACE”) are requesting \$7 million in PRO Housing funds to elevate promising practices that remove barriers to affordable housing production and preservation. Additionally, these funds will directly impact vulnerable communities in Eureka by funding the production of 86 units of high-quality, long-term affordable housing in the Everding Community in southwest Eureka. Specifically, the PRO Housing award will fund the following activities:

Activity 1 – Rural Advocacy Initiative.

HACE is committed to increasing support for affordable housing by advocating for essential policy changes, particularly in funding allocations. One of our key initiatives is advocating to the California Tax Credit Allocation Committee (“TCAC”) to allow rural at-risk projects to compete in the broader at-risk funding pool, rather than being limited to the rural set-aside. Currently, TCAC policies prevent rural at-risk projects from accessing funds that are available to at-risk projects statewide, creating an unfair barrier. This restriction is not applied in other set-asides in TCAC’s allocation process, and we believe it should not apply here. The California Debt Limit Allocation Committee (“CDLAC”) already permits rural applicants to compete in the broader at-risk pool, and we are advocating for TCAC to adopt the same approach. This change is critical, as rural projects often face long delays in securing funding, while the at-risk set-aside remains undersubscribed by urban applicants. Allowing rural at-risk projects to compete more broadly would ensure that much-needed funding reaches communities struggling to preserve affordable housing.

As part of this advocacy, HACE will submit a memo with detailed data analysis to demonstrate the impact of these funding barriers and participate in public comment periods to push for policy alignment. By addressing this issue, we aim to ensure that rural at-risk projects, which often face long delays in securing essential funding, can compete equally with urban projects and access the resources needed to preserve affordable housing in underserved areas.

We note that PRO Housing funds will not be allocated specifically to Activity 1 outside of its connection to Activity 3. It is essential to our proposal to understand that these activities are successful in a group and that they are achieved together in the effectuation of Activity 3. We highlight and recommit the policies in Activity 1, and we intend to use PRO Housing Funding to move these policies from plan into action in Activity 3.

Activity 2 – State Prohousing Strategies.

The City of Eureka will focus on reducing regulatory and procedural barriers to affordable housing development. The City has received a Prohousing Designation through the California Department of Housing and Community Development (“HCD”). Receiving a Prohousing Designation requires documenting the jurisdiction's commitment to implementing local policies that remove obstacles to new housing and recognizes the work that has already been done by a jurisdiction to address California's severe housing shortage and affordability crisis (“State Prohousing Strategies”). In its’ State Prohousing application, the City of Eureka committed to implementing policies that facilitate housing development. Several of these Prohousing Strategies are essential to the City’s efforts, including streamlining approval processes, increasing allowable

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densities, and reducing parking requirements. These measures will lower development costs, expedite timelines, and create a more supportive environment for building affordable housing across Eureka.

Notably, the present application for PRO Housing funds aims to support the implementation and design of a process for utilizing the following Prohousing policies, which were also typified in Activity 3 - Everding Repositioning Project:

- a. 1F: Residential use parking exemptions, such as no parking required for ADUs, SB9 units, affordable housing, small units, etc. If parking is required, parking ratios start low and provide many reductions and alternatives. This will significantly reduce development costs.
- b. 4G: Provide general funds directed towards low-income household rental assistance and utility assistance. The City engaged in a participatory budgeting process, in which the residents said this policy was essential for supporting affordable housing development.

We note that PRO Housing funds will not be allocated specifically to Activity 2 outside of its connection to Activity 3. It is essential to our proposal to understand that these activities are successful in a group and that they are achieved together in the effectuation of Activity 3. We highlight and recommit the policies in Activity 2, and we intend to use PRO Housing Funding to move these policies from plan into action in Activity 3.

Activity 3 - Everding Repositioning Project.

The primary use of PRO Housing funds will be to close financing gaps in the Everding Repositioning Project, which will take place in two phases—Green Phase and Blue Phase—each dedicated to transforming outdated public housing into modern, sustainable, and accessible homes for vulnerable populations. In the Green Phase, we will construct a two-story, 44-unit apartment building at 3230 Hiler Street, replacing eight functionally obsolete units with 43 new family units and a manager's unit. In the Blue Phase, we will construct a three-story, 44-unit apartment building at 1115 Clark Street, replacing twelve functionally obsolete units with 43 new senior units and a manager's unit. This expansion will increase housing capacity in Eureka while minimizing displacement for existing residents. Additionally, the project aligns with the Low-Moderate Income Housing (“LMH”) national objective, prioritizing low-income families and providing project-based vouchers (“PBVs”) at 110% of Fair Market Rent (“FMR”), ensuring long-term affordability.

The Everding Repositioning Project is a cornerstone of both Activity 1 and Activity 2, showcasing the tangible impact of these policy initiatives, and representing a collaborative approach to connect regional planning with ground-level local implementation. By focusing on specific sites that align with the City of Eureka’s interlocking set of affordability, equity, and climate goals, the City hopes to elevate the most promising regulatory and development approaches - residential parking exemptions and rental assistance - and move them from plan to action. Thus, Everding Repositioning Project serves as a model for reducing housing development barriers and promoting equitable growth across the City. The lessons learned from this project will guide future efforts, demonstrating how these policies can scale to support broader affordable

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housing initiatives across Eureka and beyond. After Green Phase and Blue Phase are developed, HACE can use this model to successfully reposition the rest of their public housing portfolio – resulting in over 200 units of new affordable housing in the Everding Neighborhood.

The Everding Repositioning Project will demonstrate “what success looks like,” serving as a replicable model of “investment without displacement” while also creating momentum. This project is a case for additional future resources that can enact the transformative change necessary to address the region’s chronic housing challenges.

Support Strategic Goals.

The FY2024 Everding Community PRO Housing Application aligns with the strategic goals and objectives of the FY2024 PRO Housing NOFO. By demonstrating how our proposed activities advance HUD’s goals, we will show that our project is positioned to deliver measurable impacts in support of equitable community development, housing access, and sustainability. Below is an outline of how each housing activity contributes to these broader priorities:

1A: Advance Housing Justice

- **Activity 1 (HACE’s Advocacy for Rural At-Risk Funding):** HACE will address funding barriers faced by underserved rural communities, ensuring that vulnerable populations, including low-income families in rural areas, can access affordable housing.
- **Activity 2 (Prohousing Designation Implementation):** The City of Eureka's Prohousing strategies directly promote equitable housing policies that remove barriers for low-income families, preventing displacement and expanding access to housing.
- **Activity 3 (Everding Repositioning Project):** The Everding Repositioning Project prioritizes affordable housing for vulnerable populations through long-term rental affordability and family-oriented housing, directly advancing housing justice by replacing outdated housing with sustainable units that serve underserved communities.

1B: Reduce Homelessness

- **Activity 1:** Advocacy for broader access to at-risk funding pools will ensure rural areas can preserve and/or increase affordable housing stock, reducing displacement and the risk of homelessness.
- **Activity 2:** State Prohousing strategies will support low-income households through initiatives like rental assistance, reducing the risk of homelessness by addressing basic housing costs.
- **Activity 3:** Both phases of the Everding Repositioning Project focus on preventing homelessness by ensuring minimal displacement during redevelopment and providing long-term affordability for low-income families through rental assistance.

1C: Invest in the Success of Communities

- **Activity 1:** By pushing for equal access to state resources for rural communities, Activity 1 empowers these areas to build and maintain affordable housing, promoting long-term community wealth-building.

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- **Activity 2:** State Prohousing policies in Eureka will help lower the cost of housing development, thus fostering equitable growth and wealth-building opportunities for low-income and underserved communities.
- **Activity 3:** The Everding Repositioning Project's integration with the surrounding community and its provision of high-quality, affordable housing will enhance community stability and foster economic development in underserved areas.

2A: Increase the Supply of Housing

- **Activity 1:** HACE's advocacy will allow rural projects to tap into additional funding sources, leading to an increased supply of affordable housing in Humboldt County.
- **Activity 2:** Prohousing policies like parking exemptions and rental assistance will reduce development costs and barriers, accelerating the production of affordable housing units.
- **Activity 3:** The Everding Repositioning Project directly increases the supply of affordable housing by replacing outdated units with a significantly larger number of modern, sustainable units for low-income families.

3A: Advance Sustainable Homeownership

- **Activity 2:** Prohousing strategies could pave the way for affordable homeownership opportunities by lowering development costs and encouraging housing production, including affordable for-sale housing.
- **Activity 3:** While focused on rental units, the Everding Repositioning Project can inform future initiatives that might incorporate homeownership opportunities in redevelopment areas.

4A: Guide Investment in Climate Resilience

- **Activity 1:** Activity 1 allows rural communities to invest in sustainable and resilient housing, aligning with long-term climate goals.
- **Activity 2:** Eureka's Prohousing policies include elements of climate resilience, such as energy-efficient design and infrastructure, promoting multimodal transportation and long-term sustainability in housing development.
- **Activity 3:** The Everding Repositioning Project integrates climate resilience through modern, energy-efficient building designs that reduce environmental impact and strengthen the community's resilience to climate change.

4B: Strengthen Environmental Justice

- **Activity 1:** Advocacy for equal funding for rural areas helps address the disproportionate exposure to substandard housing in underserved communities, promoting environmental justice.
- **Activity 2:** Prohousing policies will improve housing quality and reduce exposure to environmental hazards for low-income households by facilitating the development of safe, energy-efficient homes.

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- **Activity 3:** The Everding Repositioning Project will replace outdated and substandard housing with high-quality, environmentally sustainable units, reducing health risks and promoting better living conditions for underserved families.

DRAFT Exhibit B: Threshold Requirements

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Exhibit B Threshold Requirements and Other Submission Requirements.

Review and provide a narrative response, as necessary, to the Threshold Eligibility Requirements in Section III.D and Other Submission Requirements in Section IV.G

The City of Eureka (“City”) and Housing Authority of the City of Eureka (“HACE”) meet all the Threshold Eligibility Requirements indicated in Section III.D, the Other Submission Requirement in Section IV.G, and all other Threshold Eligibility Requirements outlined in the FY2024 PRO Housing NOFO. By submitting this application, the City and HACE certify the following:

Section III.D Requirements:

1. Resolution of Civil Rights Matters – Neither the City nor HACE has any outstanding civil rights matters.
2. Timely Submission of Application – This application will be submitted before the deadline stated in the FY2024 PRO Housing NOFO.
3. Eligible Applicant: The City of Eureka, a City or township government, is an eligible applicant in accordance with Section III.A of the FY2024 PRO Housing NOFO. The City has entered into a multijurisdictional partnership with HACE. To demonstrate eligibility and establish this partnership, please see the attached Memorandum of Understanding that outlines the collaboration between the City and HACE.
4. Number of Applications: This is the only application submitted by the City and/or HACE in response to the FY2024 PRO Housing NOFO.

Section IV.G Requirements:

1. Other Program-Specific Requirements
 - a. Limited English Proficiency – The City and HACE satisfied all requirements.
 - b. Physical Accessibility – The City and HACE satisfy all requirements.
 - c. Environmental Review – Because the City is considered a Responsible Entity as defined by 24 CFR part 58.2(a)(7), it is responsible for completing their own environmental review. The City will conduct an environmental review in accordance with 24 CFR part 58, as stated in the FY2024 PRO Housing NOFO.
2. Standard Application, Assurances, Certifications and Disclosures – Included in the application.
3. Federal Assistance Assurances – Included in the application.
4. 424-CBW budget Form – Included in the application.
5. Certification Regarding Lobbying – Included in the application.
6. Disclosure of Lobbying Activities – Included in the application.

DRAFT Exhibit C: Need

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Exhibit C Need.

C.1. Progress and Commitment to Overcoming Local Barriers.

Improved Laws, Regulations, or Land Use Policies.

Housing Element and Regional Housing Needs Allocation. To overcome local barriers to affordable housing production and preservation, the City of Eureka has enacted a series of improvements to its laws and regulations through its Housing Element, aligned with California's state-mandated Regional Housing Needs Allocation ("RHNA"). This Housing Element, certified by the California Department of Housing and Community Development ("HCD"), serves as a blueprint for meeting the city's housing needs, particularly for low-income and vulnerable populations. The current Housing Element cycle for the Humboldt region runs from 2019-2027, during which Eureka has been allocated a goal of constructing 952 new housing units. Several key programs were initiated to address housing production barriers:

- Program 1 – Update Zoning Ordinance: Eureka comprehensively updated its Zoning Code in May 2019 to align with the City's 2040 General Plan. The Zoning Code is now reviewed annually to ensure that it supports community housing goals. This update is critical to reducing regulatory obstacles and enabling more flexible land use, thereby accelerating housing production.
- Program 2 – Vacant Land Inventory: The City maintains an inventory of vacant, publicly-owned land and actively promotes these parcels for low-income housing development. Several properties have already been sold for affordable housing, demonstrating a measurable impact in making land available for housing production.
- Program 5 – Conversion of Underutilized Buildings: Eureka has maintained an inventory of underutilized buildings and promotes their conversion to residential use. Development Services regularly engage with property owners to encourage these conversions. In 2016, a vacancy rate analysis of the Old Town/Downtown area identified potential housing creation sites, leading to discussions with owners about converting underutilized commercial spaces into residential units.
- Program 11 – Housing for Extremely Low-Income Households: The city has actively promoted the development of housing units for extremely low-income households, including Single Room Occupancy ("SRO") units and transitional housing. Regulations have been clarified to permit these types of housing, resulting in the construction of 38 units for extremely low-income households between 2014 and 2019.

The timeframe for these efforts spans multiple years, from the initial zoning updates in 2019 to the ongoing promotion of land and building conversions. The impact is already visible, with affordable housing units being developed on public land and increased residential conversions. These regulatory improvements are expected to lead to long-term, sustained housing production, addressing key barriers such as restrictive zoning, lack of land availability, and underutilized properties. Ultimately, these efforts are designed to meet the City's RHNA goals and ensure affordable housing production continues well into the future.

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State Prohousing Designation. In January 2024, the City of Eureka, California, was designated a Prohousing Community, signifying its commitment to overcoming local barriers to affordable housing production and preservation. The California Prohousing Program, established by the state, recognizes jurisdictions that have enacted policies to remove obstacles to new housing development and address California’s housing shortage and affordability crisis.

Eureka has implemented several key policies aimed at increasing housing production and streamlining development processes. One of the most impactful changes has been the removal of open space requirements in all zones, enabling more flexible land use and greater density. Additionally, the city introduced residential subdivision alternatives, allowing up to four housing units on a single-family lot and up to six units on a split lot. These changes create more opportunities for infill development and higher-density housing within existing neighborhoods, significantly boosting the potential for affordable housing production.

By making these regulatory improvements, Eureka is creating a more streamlined and cost-effective development process, which is expected to increase housing production in the coming years. The measurable impact of these efforts includes a faster permitting process, reduced costs for developers, and an increase in the overall housing supply. By reducing regulatory barriers, the city is laying the groundwork for long-term, sustainable housing production, particularly for affordable and multi-family units, which will help address the ongoing housing crisis in the region.

Recent Actions: Affordable Housing Production and Preservation.

To overcome barriers to affordable housing production and preservation, the City of Eureka has reached beyond its improvements to laws and regulations. These initiatives address both the high demand for affordable housing and the structural challenges that have hindered development, such as land availability and funding constraints. Through a combination of strategic policies, public-private partnerships, and targeted programs, the city has initiated several measures aimed at increasing the housing supply for low- and moderate-income populations. Key Housing Strategies and Initiatives:

1. Housing Element Implementation Program IMP H-34: City-Owned Parcels for Affordable Housing In 2019, the City of Eureka adopted the 2019-2027 Housing Element, which includes Implementation Measure IMP H-34. This measure identifies 14 city-owned parcels at 8 different sites to be leased or sold to affordable housing developers, with the goal of producing at least 327 deed-restricted affordable units by 2028. By making publicly owned land available for affordable housing, the city addresses a key barrier: limited access to land for development. The city’s proactive approach in releasing Requests for Proposals (“RFPs”) and selecting developers ensures a streamlined process that directly facilitates affordable housing production.
2. Linc Housing Scattered Sites Project in October 2020, the Eureka City Council selected Linc Housing to develop three city-owned parking lots into affordable housing, demonstrating the city’s commitment to overcoming barriers to land availability. These projects, located at 8th & G, 6th & M, and Sunny & Myrtle, will produce 90 units across

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the three sites, with a mix of very low and low-income units. Specifically:

- a. 8th & G: 31 units, including 15 for very low income households and 15 for low-income households.
- b. 6th & M: 28 units, including 15 for very low-income households and 12 for low-income households.
- c. Sunny & Myrtle: 31 units, including 15 for very low-income households and 15 for low-income households.

These developments not only increase the housing supply but also integrate supportive services, community spaces, and infrastructure to promote long-term stability for low-income residents. The city's partnership with Linc Housing is expected to contribute 87 deed-restricted affordable units, representing a significant portion of the City's RHNA goal, particularly for very-low income households.

3. **Promoting Affordable Housing in High-Opportunity Areas** - A central focus of the city's strategy has been locating affordable housing projects in high-opportunity areas, particularly near transit hubs and job centers. For example, the Earth Center Housing development at the HTA Transit Hub, located at 3rd & G and 3rd & H, will produce 30 affordable units, contributing to the City's RHNA goals while increasing access to public transportation and services. By focusing on areas with established infrastructure, these developments help reduce transportation costs for low-income households and increase their access to employment opportunities, healthcare, and education.
4. **Preservation of Affordable Housing and Anti-Displacement Efforts** – Recognizing the importance of preserving affordability in existing housing stock, the City of Eureka has also taken steps to maintain and convert underutilized buildings into residential units. Program 5 of the Housing Element, which tracks and promotes the conversion of underutilized spaces, helps protect existing housing while ensuring these spaces are available for low-income residents. This initiative, combined with the city's focus on long-term affordability through deed restrictions, directly addresses potential displacement in a rapidly changing housing market.
5. **Infrastructure Investments and Capacity Building** – A key structural challenge in developing affordable housing has been the need for infrastructure upgrades, particularly in older parts of the city. To address this, the City of Eureka has prioritized investments in public infrastructure, such as road improvements, utility upgrades, and transit accessibility, to support new affordable housing developments. Additionally, the city has engaged in capacity-building activities by working closely with nonprofit housing developers, like Linc Housing, to create streamlined financing and permitting processes, ensuring that projects move forward quickly and efficiently.

These initiatives are expected to deliver 332 affordable housing units by 2028, with 250

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units already slated across the Linc Housing sites and other city-owned parcels. These actions represent a proactive response to the barriers of land availability, rising construction costs, and limited access to affordable housing in high-opportunity areas. The city's multifaceted approach—combining land use strategies, partnerships, infrastructure investments, and anti-displacement measures—aims to significantly increase housing production and preserve affordability, particularly for the most vulnerable populations. By leveraging city-owned land, facilitating development through RFP processes, and prioritizing infrastructure investments, Eureka is creating the conditions necessary to overcome barriers and achieve its long-term housing goals. These efforts ensure that low- and moderate-income families have increased access to affordable, resilient housing in well-connected, thriving areas of the city.

Everding Repositioning Project: A Model of Prohousing Initiatives. The City of Eureka's ongoing efforts to increase affordable housing production and preservation are reinforced by its commitment to implementing the policies outlined in the Housing Element and the State Prohousing Application. This application presents an additional opportunity to follow through on those commitments, particularly through the transformative Everding Repositioning Project. This initiative will address key barriers for affordable housing development, enabling the construction of two critical phases—Green Phase and Blue Phase—which together will create high-quality, affordable housing for low-income individuals in Eureka.

The Everding Repositioning Project is poised to serve as a model for the city's Prohousing Initiatives. The Green and Blue Phases will unlock much-needed housing, providing stability and improving quality of life for low-income residents. With the Green Phase focusing on family housing and the Blue Phase dedicated to senior housing, these projects represent a comprehensive approach to meeting diverse community needs. The projects will ensure long-term affordability by utilizing project-based voucher rental assistance (PBVs). These phases will deliver high-quality, energy-efficient homes with integrated services for vulnerable populations. They are designed to align with the City's larger vision of equitable development and will help meet local and regional housing goals by addressing the acute housing shortage. Additionally, the lessons learned from this project will inform future developments, strengthening the city's overall capacity to accelerate affordable housing production.

The Everding Repositioning Project complements the broader State Prohousing Initiatives by tackling persistent barriers to affordable housing development, including funding shortages, infrastructure constraints, and land use complexities. The project will demonstrate how the City's Prohousing Strategies, such as removing financial and regulatory barriers, can unlock large-scale, affordable housing developments. Green Phase and Blue Phase reflect the ongoing commitment of the city to improve housing equity by ensuring that future projects have access to streamlined permitting processes, reduced infrastructure barriers, and targeted financing mechanisms. The focus on resilient and climate-conscious infrastructure within the Everding Repositioning Project aligns with regional efforts to increase both housing affordability and environmental sustainability, making this initiative a forward-thinking model for affordable housing in Humboldt County.

This project will demonstrate how aligning state Prohousing policies with local actions can

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effectively overcome barriers, setting a precedent for future affordable housing projects in the city and region. The Everding Repositioning Project—anchored by the city’s Prohousing Initiatives—offers a scalable solution to meeting Eureka’s affordable housing needs. By addressing barriers such as infrastructure deficiencies and funding limitations, the project will provide sustainable, affordable housing for low-income families and seniors, while serving as an exemplar for the city’s future development strategy.

C.2. Acute Need for Affordable Housing.

Despite the significant strides made through these recent initiatives and policy changes, the demand for affordable housing remains acute, and key challenges persist. Financial limitations, regulatory constraints, and rising development costs continue to impede the construction of new affordable housing, particularly for low-income and special-needs populations.

The FY2024 Everding Community PRO Housing Application will serve the City of Eureka, which is located within Humboldt County. Humboldt County is identified as a Priority Geography Area on the PRO Housing List of Geographies. Even with significant strides made through local and regional initiatives, the demand for affordable housing remains urgent, exacerbated by key factors such as overcrowding, wage stagnation, slow housing production, and an aging housing stock.

Overcrowding. Overcrowding is one of the clearest indicators of the acute need for affordable housing in Eureka. According to data from the 2012-2016 American Community Survey (“ACS”), 201 households—representing 1.8% of all households in the city—are considered overcrowded, with 160 of these households experiencing severe overcrowding. While the percentage of overcrowded households in Eureka is slightly lower than the county-wide rate (2.4%), this still reflects a significant portion of the population living in suboptimal conditions. Overcrowding often results from the unaffordability of housing, forcing families to share living spaces in homes that are not designed to support multiple households. This is particularly true for low-income renters, whose housing options are already limited by rising costs and stagnant wages.

Wages and Employment. Eureka’s employment profile reveals that a substantial portion of the City’s residents are employed in low-wage occupations, which exacerbates housing affordability issues. The mean wage in 2016 for Humboldt County was \$43,291, with the largest group of Eureka residents employed in sales and office occupations, earning an average annual wage of only \$30,063. In contrast, the median home price in Humboldt County has risen steadily, significantly outpacing wage growth and making it increasingly difficult for low- and moderate-income households to afford homes.

The disparity between wages and housing costs has placed a strain on renters and potential homeowners alike. Many households spend a disproportionate percentage of their income on housing, leaving them vulnerable to displacement pressures or homelessness. The lack of affordable rental units further exacerbates this issue, forcing many low-income individuals and families to either leave the city in search of more affordable housing or live in overcrowded and substandard conditions.

Slow Housing Production Rate. From 2010 to 2018, Eureka saw the creation of only 124

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net new housing units, a number insufficient to meet the city’s growing demand. This amounts to an average of just 9 new units per year, excluding one large Low-Income Housing Tax Credit (“LIHTC”) project. For a city experiencing population growth and increased demand for affordable housing, this slow production rate presents a major barrier to addressing the acute housing crisis. The Everding Repositioning Project—comprising the Green Phase (family housing) and Blue Phase (senior housing)—will play a critical role in addressing this production gap. The combination of Activity 1, Activity 2, and Activity 3 will serve as a catalyst for additional projects of this scale to meet the ongoing demand for affordable housing, especially for low-income and special-needs populations.

Aging Housing Stock. Eureka’s aging housing stock further compounds the affordable housing crisis. Approximately 70% of housing units were built before 1970, and 40 percent before 1950, with nearly 30% constructed before 1940. Older homes require frequent maintenance, repairs, and upgrades to remain habitable, and the burden of these costs often falls disproportionately on low-income homeowners and renters. As housing deteriorates, many households are forced to live in substandard conditions or face displacement due to the high costs of repairs.

The prevalence of code compliance cases in Eureka provides further evidence of the challenges associated with the city’s aging housing stock. The city has opened approximately 150 cases per year related to substandard buildings and other violations, including vacant and boarded buildings. This indicates that a significant portion of Eureka’s housing is in poor condition, contributing to unhealthy living environments and creating additional barriers to affordable, safe housing.

While the City of Eureka has made progress through recent initiatives and policy changes, including efforts outlined in its State Prohousing Application, the need for affordable housing remains acute. Overcrowding, low wages, slow housing production, and an aging housing stock all contribute to the ongoing housing crisis, which disproportionately affects low-income households. The Everding Repositioning Project represents a significant step forward in addressing these challenges, but additional efforts will be required to close the gap between housing supply and demand. Eureka’s acute need for affordable housing—particularly for households with incomes below 100% of the AMI—demands continued action at both the local and regional levels to create sustainable, affordable housing solutions for the city’s most vulnerable residents.

C.3. Key Barriers.

Several key barriers continue to impede the production and preservation of affordable housing in the City of Eureka and similar jurisdictions. These challenges, spanning financial, regulatory, and procedural areas create significant obstacles for developers and policymakers attempting to meet the growing housing needs. Despite some reforms, the complexity of securing financing, historic land use policies, and rising development costs are among the most critical barriers.

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Availability of Financing and Subsidies. A major barrier to affordable housing production and preservation in Eureka is the limited availability of financing and subsidies. While programs such as the Low-Income Housing Tax Credit (“LIHTC”) provide some support, they are oversubscribed in California. Both 4% and 9% tax credits are extremely competitive, leaving many deserving projects without the necessary funding. This shortage is exacerbated by the inconsistent availability of local subsidies, which are crucial to securing LIHTCs and filling the financing gap. Even when local subsidies are available, they often fall short of covering the full project cost, delaying or derailing affordable housing developments. Preservation projects face an even more daunting challenge, as there are fewer reliable sources of funding for maintaining and rehabilitating existing affordable units. This lack of capital, particularly for multifamily housing, stifles new development and limits opportunities to extend the life of existing affordable units.

Rising Construction Costs. Another critical barrier is the rising cost of development. Since the COVID-19 pandemic, the cost of building materials has surged by over 40%, with concrete prices continuing to climb. This increase, coupled with labor shortages, higher interest rates, and extended entitlement processes, has driven up overall development costs. In Eureka, the average cost to develop a 600-square-foot unit is now approximately \$140,525, a figure that includes rising land acquisition costs and financing expenses. As a result, many affordable housing developers struggle to close the funding gap, particularly in a market where subsidies are scarce. Furthermore, commercial interest rates, which developers rely on for short-term construction financing, fluctuate with market conditions, creating uncertainty and making it even harder to secure the capital needed to break ground on new projects.

Limited Availability of Undeveloped Land. Infill efforts in Eureka are limited because there is little available land in the area. This impedes affordable housing growth.

Zoning and Land Use Controls. Zoning and land use policies in Eureka and surrounding areas create additional barriers to affordable housing development. Historically, low-density zoning regulations have constrained the feasibility of building multifamily and affordable housing. In Eureka, these zoning restrictions limit the number of units that can be built on a parcel, driving up per-unit costs and making projects less financially viable. While some jurisdictions have embraced reforms to encourage higher-density development, resistance to change remains strong in certain areas. This reluctance to increase allowable densities contributes to higher housing prices, exacerbates housing insecurity, and discourages new affordable housing projects.

Prohibitive Building Codes. In addition to zoning restrictions, Eureka’s building codes present significant obstacles. The City's stringent codes result in barriers to innovative construction methods like modular housing, which could otherwise help reduce costs. These regulations add time and expense to traditional construction projects, making affordable housing developments less attractive to both public and private developers.

Permitting Procedures and Delays. Lengthy and unpredictable permitting processes also pose a considerable challenge. Affordable housing developers in Eureka must navigate overlapping procedures that result in extended project timelines. For instance, the entitlement process can take significantly longer than anticipated due to regulatory reviews, community input,

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and environmental assessments. In some cases, developers report delays of up to 18 months before receiving approvals to proceed. These delays increase project costs and discourage new developments from being initiated.

Community Opposition. Community opposition to affordable housing is a persistent barrier in Eureka. Although recent laws have established streamlining provisions to expedite affordable housing approvals, local resistance remains strong, particularly for developments that would increase density or change the character of established neighborhoods. Some residents express concerns about traffic, noise, and potential impacts on property values, which leads to extended community review processes and further delays. In addition, opposition often focuses on affordable housing projects specifically, compounding the challenges developers face and slowing progress in addressing the housing crisis.

To overcome these barriers, the proposed activities in this grant will focus on addressing the financing gap by securing additional subsidies and exploring innovative funding mechanisms (**Activity 1 & Activity 3**). In parallel, the proposal aims to support the use of streamlined processes and zoning reforms (**Activity 2 & Activity 3**). The City of Eureka recognizes that these barriers are interconnected and addressing them comprehensively will require targeted resources and sustained collaboration between public agencies, developers, and the community.

DRAFT Exhibit D: Soundness of Approach

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Exhibit D Soundness of Approach.

D.1. Vision

Activity 1: Rural Advocacy Initiative. Like many other places in California, Humboldt County faces significant challenges in terms of housing availability and affordability, particularly for low-income families and seniors. Our advocacy for the California Tax Credit Allocation Committee (“TCAC”) to allow rural at-risk projects to compete in the broader at-risk funding pool, further enhances our ability to address local housing needs effectively.

Humboldt County was designated a rural county in 2023 by the U.S. Department of Agriculture (“USDA”) and the California Tax Credit Allocation Committee (“TCAC”). Tax credit applications in both the Eureka urban area and Humboldt County must apply under the competitive rural set aside. However, the rural designation does not accurately reflect the character of the larger Eureka area. As a result, projects in Eureka, especially acquisition and rehabilitation projects that preserve existing affordable housing and would otherwise be considered At-Risk, cannot be competitive against new construction projects in authentically rural areas. This initiative, if successful, will open doors for future at risk projects in rural areas state-wide.

Activity 2: State Prohousing Strategies. The proposed activities under Activity 2 are crucial for addressing the housing needs identified in the Everding Repositioning Project and the wider Eureka community. Specifically, Policy 1F, which includes residential parking exemptions, eliminates costly parking requirements for affordable housing developments such as ADUs, SB9 units, and small units. This will reduce construction costs and expedite housing production, connecting directly to the development of affordable units in the Everding project. Additionally, Policy 4G, which directs general funds to low-income rental and utility assistance, responds to the community’s demand for financial support, as identified through a participatory budgeting process. These activities, by lowering costs and addressing financial barriers, are essential for increasing affordable housing supply and providing immediate relief to low-income households.

These activities align with the national objectives of increasing affordable housing opportunities and reducing financial burdens on vulnerable populations, as outlined in Sections III.F.1 & 2 of the NOFO. By removing regulatory barriers and ensuring financial assistance, these activities also qualify as eligible actions under federal housing guidelines. The timeframe for the expected benefit is both immediate and long-term, with policies like parking exemptions speeding up the approval and construction of affordable housing, while rental and utility assistance provides long-term financial relief to residents. The activities will not only meet the immediate housing needs of the community but will also set the stage for sustained housing growth and equity.

Activity 3: Everding Repositioning Project. The Everding Repositioning Project is designed to address the pressing need for affordable housing and showcase a streamlined path for affordable housing development. The project will serve as a key catalyst for both Activity 1 and Activity 2, demonstrating the effectiveness of these activities in supporting the creation of high-quality affordable housing. By showcasing the impact of Activity 1 and Activity 2 — such as the implementation of residential parking exemptions, the provision of rental and utility assistance, and bringing more LIHTC allocations to the area — the Everding Repositioning Project provides a clear example of how these activities remove barriers to housing development. As the project progresses, it will create a scalable model for expanding these activities to support even larger

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affordable housing efforts. Lessons learned from the Everding Repositioning Project will inform future initiatives, guiding the use of Activity 1's rural advocacy and Activity 2's Prohousing strategies to drive affordable housing creation at a larger scale, benefiting even more vulnerable populations in the long term.

The project will unfold in two distinct phases: Green Phase and Blue Phase, each of which represents a step towards transforming obsolete public housing into modern, sustainable, and accessible homes for vulnerable populations. In Green Phase, we'll be constructing a two-story, 44-unit apartment building. This development will replace eight outdated units with 43 family units and a manager's unit, ensuring that we add as much housing as possible while minimizing resident displacement. The project meets the Low-Moderate Income Housing ("LMH") national objective by prioritizing low-income families and providing essential project-based tenant protection vouchers ("TPVs") with subsidies at 110% Fair Market Rent ("FMR"). This phase is critical because it directly addresses the need to expand housing options while updating the current public housing stock that no longer serves the community well.

Next, Blue Phase will focus on the development of 44 senior housing units (43 senior units and one manager's unit), combining a three-story elevator building with single-story flats. This will ensure accessibility for seniors while creating a dignified living space designed to meet their needs. The inclusion of TPVs and project-based vouchers from our housing authority partner, HACE, continues our commitment to affordability. This phase also addresses the LMH national objective, as it focuses on the most vulnerable seniors in the community, many of whom would otherwise struggle to find stable, affordable housing.

Both phases will not only provide immediate relief in the form of affordable housing but also offer long-term stability and sustainability. With HACE continuing to manage the properties, we are confident in the ability to deliver a project that remains deeply rooted in community values while enhancing housing access.

The outcomes of this project will ripple through the community for years, offering security and improving the quality of life for low-income families and seniors in the area. By securing the funding and executing these projects, we fulfill both the immediate and future needs of Eureka's most vulnerable populations. Together, these activities are aligned with the eligible activities under the NOFO guidelines and will serve as a transformative step for housing in Humboldt County.

Addressing Key Barriers. Our proposal directly addresses key barriers to affordable housing production and preservation in Eureka, specifically focusing on financial and regulatory constraints.

One of the primary barriers to producing affordable housing in Humboldt County is the **difficulty in securing Low-Income Housing Tax Credit** ("LIHTC") allocations from the Tax Credit Allocation Committee ("TCAC"). By advocating for a policy change that allows rural at-risk projects to compete in the broader at-risk funding pool, Humboldt County would be able to submit more competitive LIHTC applications, improving the chances of securing tax credit allocations. This adjustment would level the playing field for rural communities, increasing access to critical funding needed for affordable housing development. This policy change is crucial because, under the current system, rural at-risk projects often face long delays in receiving necessary funding, while urban applicants benefit from the undersubscribed rural set-aside.

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Allowing rural at-risk projects to compete equally would provide vital financial resources, accelerating housing production in underserved rural areas like Humboldt County. This would help address the pressing housing crisis and support equitable development in these communities.

Additionally, the key barriers to affordable housing production in Eureka, including **high construction costs and financial barriers** for low-income households, are directly addressed through the proposed activities under Activity 2. Specifically, Policy 1F, which eliminates parking requirements for affordable housing developments like ADUs, SB9 units, and small units, will significantly reduce construction costs, making these projects more financially viable. This exemption directly supports the Blue Phase of the Everding Repositioning Project, which would have been nearly impossible to build with prior parking requirements. This change allows for quicker and more cost-effective development of affordable units. Additionally, Policy 4G allocates general funds for low-income rental and utility assistance, addressing immediate financial challenges faced by the community, as identified through a participatory budgeting process. More broadly, the City committed to many policy initiatives in the State Prohousing designation that key barriers such as **permitting procedures & delays, prohibitive building codes, zoning and land use controls**.

The proposed activities align with local efforts to reduce regulatory and procedural barriers to affordable housing production. These strategies have been carefully tailored to local needs and are expected to significantly increase the production and preservation of affordable housing in the Eureka community, as they address core barriers that have historically delayed or limited development. The Everding Repositioning Project will benefit from these streamlined processes, ensuring we can develop more units at a faster pace, thereby meeting the growing demand for affordable housing in the region.

A key strategy of this project is the repositioning of public housing. By converting the subsidy structure from public housing to Section 8, we will secure a more reliable revenue stream from the federal government, which will ensure the long-term financial sustainability of the development. This transition will enable us to maintain and improve the quality of the housing over time, addressing the barrier of **availability of subsidies** and the deterioration of affordable housing stock. Furthermore, by demolishing outdated units and replacing them with higher-density, modern homes, we are able to provide a net increase in affordable housing units while simultaneously improving site security, accessibility, and the overall living environment.

Importantly, our approach also prioritizes preventing displacement. All current residents will have the right to return, ensuring that they are not displaced as the development progresses. This commitment to "no displacement" is central to our strategy, allowing the community to grow while maintaining stability for its current residents. The family-friendly infrastructure and senior-focused amenities in the new development are designed to improve the quality of life for a diverse range of residents, further enhancing the appeal and functionality of the site.

The success of our proposal in overcoming these barriers is rooted in the comprehensive and multifaceted approach we are taking. By aligning our activities with local initiatives, advocating for favorable funding mechanisms, increasing density, and ensuring the long-term financial viability of the housing, we are poised to significantly enhance the production and preservation of affordable housing in Eureka. With the backing of the City's Prohousing

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designation and streamlined processes, along with HACE's strong track record of managing affordable housing, we are confident this approach will lead to sustainable, meaningful improvements in the community's affordable housing landscape.

Lessons Learned. The City and HACE have gained valuable insights from their experience with the State Prohousing designation process, housing element development, and various affordable housing projects. Specifically, these experiences have stressed the importance of meaningful community engagement. Previous efforts have demonstrated that projects are more successful when they incorporate feedback from local stakeholders, ensuring the development meets the specific needs of residents.

This proposal builds on those lessons by continuing to prioritize community input at every stage. The project team will implement regular outreach and engagement activities, ensuring transparency and fostering trust. In previous efforts, community input has been instrumental in shaping housing developments that resonate with the needs and priorities of underserved communities. This approach will be emulated in the current proposal to maximize success. While past initiatives were successful in fostering community engagement, challenges arose in securing timely feedback and aligning it with project timelines. To avoid these pitfalls, the proposal includes a more structured and proactive outreach strategy to engage residents early and often, ensuring smoother coordination between community feedback and project milestones.

By leveraging these lessons and improving upon past challenges, the proposal aims to create a well-rounded, community-driven housing development that reflects local priorities and avoids the setbacks experienced in previous efforts.

Advances and Complements Other Initiatives. The FY2024 Everding Community PRO Housing Application aligns with and advances several key planning initiatives and policies in Eureka while enhancing community assets and addressing displacement concerns.

The project complements the **City of Eureka's 2040 General Plan** by supporting goals such as maintaining stable neighborhoods, providing diverse housing options for various income levels, and promoting well-planned infill development. By increasing housing density and offering high-quality, affordable units, it supports the plan's vision for more vertical development while preserving Eureka's historic character. The City's Plan also emphasizes developing intersection corners and street frontages with buildings instead of parking lots. By eliminating parking requirements through Policy 1F, the project supports this urban design goal, promoting walkable, vibrant neighborhoods where buildings, not parking lots, define the streetscape. This approach fosters more efficient land use and enhances the community's aesthetic and functional appeal, contributing to a more pedestrian-friendly and interconnected city layout.

In addition, the FY2024 Everding Community PRO Housing Application aligns with the **City of Eureka's Housing Element**, particularly the need for affordable housing in a region where population growth has stagnated due to limited land and high real estate costs. According to CHAS data (2011-2015), Eureka has approximately 1,515 extremely low-income households, with many residents working in unskilled labor positions. This highlights the economic challenges faced by vulnerable populations in the area. The Everding Redevelopment Project directly targets low-income families and seniors, helping alleviate the housing shortage and providing long-term stability. Lastly, the project aligns with **regional transportation and job creation efforts** by

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situating housing near public transit, jobs, and services. By enhancing infrastructure and access to affordable housing, the Everding Repositioning Project not only addresses immediate housing needs but also fosters long-term economic and social growth.

Environmental Risks. The Everding Community faces significant environmental risks due to California's warming climate. These extreme weather events are exacerbated by the lack of shade structures and the prevalence of older, inefficient housing units without proper cooling systems. As temperatures rise, low-income residents, particularly children, the elderly, and those with chronic health conditions, are at heightened risk of heat-related illnesses. This community, already vulnerable due to economic challenges, is disproportionately affected by the health impacts of these extreme temperatures.

The Everding Repositioning Project (**Activity 3**) is designed to address these environmental risks through a comprehensive approach to climate resilience. By incorporating green infrastructure and energy-efficient housing, the project will directly mitigate the urban heat island effect, which amplifies heat in densely populated areas. Green spaces, including tree canopies and permeable surfaces, will be integrated into the design, providing shade, improving air quality, and cooling the neighborhood. These features will offer immediate health benefits to residents, reducing the risk of heat-related illnesses.

Equipped with advanced insulation, energy-saving appliances, and solar energy systems, these affordable housing projects will significantly lower energy consumption and reduce reliance on fossil fuels. Also, the projects were designed with heat-reducing building materials, and both Phases were designed to be net zero. This will lower utility bills, promoting economic resilience for low-income families. The use of solar energy systems will further enhance the community's energy security by diversifying energy sources and reducing the impact of power outages.

The project's focus on green infrastructure and energy efficiency aligns with long-term climate adaptation strategies. By proactively addressing current and future climate impacts, Activity 3 will ensure that the Everding Community is better prepared to withstand the effects of climate change. Through these sustainable design features, the project addresses the most significant environmental risks facing the Everding Community, ensuring long-term sustainability and adaptability in the face of ongoing climate change.

Roadblocks. One of the primary roadblocks that might impede the implementation of the Everding Repositioning Project is the timing and uncertainty of securing a Low-Income Housing Tax Credit ("LIHTC") award. LIHTCs are a crucial financing tool for affordable housing projects, and delays or failure to secure these credits could significantly slow down the development timeline. The highly competitive nature of LIHTC allocations adds to this uncertainty. Another potential obstacle involves navigating local and state legislative processes to codify reforms and streamline permitting. Although the City of Eureka is committed to Prohousing efforts, including easing permitting and regulatory barriers for affordable housing developments, any reversal of these plans or delays in enacting reforms could hinder the progress of this proposal. Local political or regulatory shifts could create unforeseen barriers that extend the project timeline or increase costs.

To counteract these challenges, the project will leverage additional soft sources of funding, such as grants, local partnerships, and state or federal housing subsidies. This diversified funding

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approach will help mitigate delays caused by the competitive nature of LIHTC allocations. Securing more soft funding sources will reduce dependency on LIHTC timing and allow the project to proceed and serve the community soon. Furthermore, by aligning the project with Eureka's broader Prohousing initiatives and maintaining strong partnerships with local stakeholders, the proposal will remain well-positioned to overcome potential legislative or regulatory hurdles. Continuous advocacy and collaboration with local and state agencies will also ensure that reforms to streamline housing development processes are codified and implemented as swiftly as possible.

Even post-implementation, the project's focus on creating high-quality, affordable housing will make it easier for other developers to build similar projects in Eureka, setting a precedent for future developments. By proactively addressing timing, regulatory, and funding challenges, the Everding Repositioning Project will help ensure long-term success and growth in the affordable housing landscape of the region.

D.2. Geographic Scope

The geographic scope of the FY2024 Everding Community PRO Housing Application focuses on key areas in the City of Eureka, particularly in its southwest region. The project's Green Phase, located at 3230-3254 Hiler Street and 658 & 664 Burrill Street, and the Blue Phase, situated at 1109-1137 C Street and 214 & 216 Clark Street, are strategically dispersed across the neighborhood. This ensures that the project's benefits extend beyond its immediate surroundings, fostering a broader integration into the wider community.

Eureka is an economically disadvantaged city, with a median income of \$28,084, well below the national median of \$51,971 (U.S. Census Bureau, 2022). According to CHAS data from 2011-2015, approximately 3,060 extremely low- and very low-income households reside in Eureka, highlighting the significant need for affordable housing in the area. Many of these households consist of unskilled laborers, such as child care workers, food service employees, and other low-wage earners. Extremely low-income households, defined as those earning 30% or less of the area median income, are particularly prevalent, with roughly 1,515 such households in the city.

The Everding Repositioning Project aims to address this need by providing affordable housing for low-income families and seniors, two groups facing severe housing challenges in Eureka. The Green Phase will focus on family housing, while the Blue Phase will target senior residents, ensuring that both groups benefit from long-term affordable housing opportunities. These developments will significantly alleviate housing shortages and support economic stability for vulnerable residents.

This proposal focuses on the City of Eureka and extends its impact to the broader Humboldt County region. The State Prohousing Strategies (**Activity 2**) commits to streamline affordable housing development by reducing cost and timing barriers across the city. By promoting affordable housing growth throughout Eureka, the project aims to create opportunities for residents across various neighborhoods, thereby expanding access to essential housing resources. Furthermore, the proposal advocates for rural at-risk projects in Humboldt County to compete for funding in the California TCAC's broader at-risk pool. By allowing these rural projects to compete equally, we aim to address critical funding gaps that hinder the development and preservation of affordable housing in underserved communities. This approach not only increases the supply of housing units

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but also enhances opportunities in high-opportunity areas, ultimately promoting equitable development across the region.

D.3. Stakeholders

The key stakeholders for the FY2024 Everding Community PRO Housing Application include a broad spectrum of community members, organizations, and government entities, all of whom play critical roles in shaping the project's success and ensuring it meets the needs of vulnerable populations. The primary stakeholders are persons with unmet housing needs, such as low-income families and seniors, and residents of existing public and affordable housing units. These groups are directly impacted by the project's development and are engaged through public meetings, workshops, and direct outreach, ensuring their input informs key decisions.

In addition to residents, the City of Eureka and the Housing Authority of the City of Eureka ("HACE") will explore several community organizations. For instance, groups such as Affordable Homeless Housing Alternatives ("AHHA"), Westside Community Improvement Association, and True North Organizing Network. These organizations represent residents, including those from protected classes under the Fair Housing Act, and advocate for affordable housing, homelessness prevention, and social equity. The team will explore partnerships with public agencies, including the County of Humboldt Department of Health and Human Services, which provides crucial services such as healthcare and social support to residents, and educational institutions. Partnerships with Humboldt State University and College of the Redwoods would address housing needs for students and faculty through their off-campus housing liaison and special programs.

The stakeholder engagement methods follow those used in the City of Eureka's 2040 General Plan and Housing Element, which featured extensive outreach through community workshops, stakeholder interviews, and virtual town halls. Public information will be disseminated through social media, city websites, flyers, and media releases to ensure broad awareness and participation. HACE will host quarterly community meetings where community members can provide feedback through various tools, such as sticky notes, poster boards, and "voting" on key issues, allowing for diverse and inclusive input.

By leveraging these established outreach methods and forming collaborative partnerships, the Everding Repositioning Project ensures a transparent and community-driven approach. This engagement process is designed to build trust, foster inclusivity, and align the project with the long-term needs and goals of the Eureka community, especially for those most vulnerable to housing instability and displacement.

D.4. Affirmatively Furthering Fair Housing

Underserved Groups. The Everding Repositioning project is designed to increase access to affordable housing for underserved groups in Eureka, particularly low-income families, seniors, and minority communities. According to census data, the racial composition of Eureka is predominantly White (78%), with growing Hispanic (12%), Asian (6%), and Black (2%) populations. However, within the Everding Community, there is a higher representation of minority groups, which underscores the need for affordable housing that caters to diverse racial and ethnic backgrounds.

In recent years, Eureka has experienced a significant increase in senior households, with

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seniors now comprising 18% of the population. This trend is particularly relevant for the project, as seniors often face unique housing challenges, such as smaller household sizes and fixed incomes. The Everding Repositioning project (**Activity 3**) places a strong emphasis on senior housing, offering housing that incorporates accessibility features, proximity to healthcare, and social services, that will help ensure that seniors have access to secure, affordable housing.

In addition, the project aims to support other low-income and minority households. Many of these households face barriers to accessing quality housing due to income disparities, family structures, or linguistic challenges. By creating affordable housing units that prioritize inclusivity, the project will help reduce housing inequities and offer stable housing opportunities to groups that have historically been underserved in Eureka.

By focusing on seniors, low-income families, and minority communities, the FY2024 Everding Community PRO Housing Application will promote housing equity and improve living conditions for underserved populations, fostering a more inclusive and resilient community.

Promote Desegregation. The Everding Community Repositioning project is designed to address the barriers impeding the development of affordable housing and promote desegregation within Eureka. Currently, both the Green and Blue Phase developments are part of HACE's public housing portfolio, but they are strategically located within a larger, mixed-income residential neighborhood, which includes historic Victorian and Craftsman homes. This integration helps to prevent the isolation of affordable housing and promotes the blending of low-income residents with the broader community.

A key barrier to desegregation in affordable housing is the concentration of low-income units in low-opportunity areas lacking essential services. The Green and Blue Phase developments of the Everding Community are strategically located in a well-established residential area with access to public parks, grocery stores, pharmacies, bus stops, and adult education facilities. This site choice provides residents with the same opportunities as higher-income households, countering the historic trend of confining affordable housing to marginalized areas.

The Everding Repositioning project also focuses on enhancing the quality and density of existing public housing to align with the surrounding neighborhoods. The Blue Phase is bordered by market-rate housing, promoting the integration of low-income and senior residents into the larger community. This design fosters social cohesion and reduces the stigma associated with affordable housing by visually and socially connecting it to the neighborhood. Overall, the project aims to create a supportive environment for low-income residents while ensuring they are fully integrated into the broader community, enhancing their quality of life and preventing the concentration of affordable housing in one area.

The connection between Activity 1 and Activity 2 with the Everding Repositioning Project is crucial. The Everding Repositioning Project serves as a model for leveraging the policy and regulatory changes enacted in these activities to create high-quality affordable housing. As other developments adopt this approach, it will promote desegregation across the county, encouraging more equitable housing opportunities for all residents.

Risk of Displacement. The FY2024 Everding Community PRO Housing Application prioritizes the protection of vulnerable residents, particularly those in communities of color, by ensuring no displacement occurs during redevelopment. For the Everding Repositioning Project,

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all current residents will retain the right to return, and the new housing will specifically target very low-income individuals. Once the higher-density units are completed, existing tenants from HACE's public housing portfolio can move into these brand-new homes. This approach not only preserves housing stability for current residents but also allows HACE to expand its services to a larger population of vulnerable tenants, enhancing community support without displacing those who need it most.

Addressing Unique Housing Needs. The Everding Community Repositioning project is designed to address the unique housing needs of protected class groups, including persons with disabilities, families with children, and underserved communities of color. Through an inclusive approach involving ongoing community engagement, the project ensures that residents' needs and preferences are reflected in the design and features of both the Green and Blue Phases.

HACE has actively engaged the community throughout the planning process, hosting several community meetings to gather input on the overall redevelopment of its housing portfolio. Specifically, a meeting held on March 6, 2024, provided an opportunity for residents to share their thoughts on the design of the Green Phase. Based on this feedback, several features were incorporated to directly address the needs of vulnerable residents.

One of the key priorities identified by residents was the inclusion of outdoor amenities that foster community and provide recreational spaces for families and children. In response, the project's landscape plan was updated to include a playground, community garden, open green space, and a picnic area. These features not only create a welcoming environment for families with children but also provide accessible, communal spaces that support the social needs of the broader community. Safety and security were also top concerns, particularly for those who may be more vulnerable. To address these concerns, the project incorporates secure entry features throughout the development. Residents will benefit from double-locked entries, where access to hallways and stairwells is controlled by a secure door before reaching individual unit doors.

Even further, the Everding Community Repositioning project is committed to addressing the housing needs of people with disabilities by significantly increasing access to accessible and affordable housing, supporting independent living, and ensuring compliance with ADA and Fair Housing Act requirements. Both Green and Blue Phase be designed and built in accordance with the most current version of California Building Code Chapter 11B, ensuring that it meets all accessibility standards. In Green Phase, to address the housing needs of people with mobility impairments, 15% of the units will be designated as mobility units. These units, located on the ground floor, will be spread across different unit sizes, including one-, two-, and three-bedroom layouts. In Blue Phase, all units will be on an accessible path (upper floors will be elevator-serviced) and all units shall be adaptable. Furthermore, 50% of units shall be mobility accessible. We will provide adequate and visible notice to tenants of their ability to request conversion of their adaptable unit to an accessible unit. Accessible units will feature a variety of accessible design elements, such as lower kitchen and bathroom countertops, clear knee space under sinks and counters, widened doorways, accessible pathways, and ADA-compliant hardware on appliances and fixtures.

In addition to the mobility units, both Green and Blue phase will include adaptable units. These adaptable units are designed with many permanent accessibility features, such as widened

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doorways and lowered countertops, while allowing for future modifications based on the specific needs of residents. For example, units will be designed with reinforced backing for grab bars, which can be easily installed if required by a resident, without the need for major construction. Custom cabinets that provide knee clearance for wheelchair users will be included, with the ability to adjust based on residents' needs. These adaptable features ensure that the units remain flexible and accommodating over time, allowing for seamless transitions for residents with varying levels of mobility.

The project will also support independent living by integrating accessible pathways and transportation options into the design. The proximity of the site to key community assets ensures that residents with disabilities will have easy access to essential services and transportation options. Through these efforts, the Everding Community Repositioning project will not only meet the housing needs of people with disabilities but also create a safe, supportive, and inclusive community where residents can live independently while enjoying access to amenities.

Services. The Everding Community Repositioning project focuses on enhancing the quality of life for residents, particularly those with disabilities and vulnerable populations. At Green Phase, the Housing Authority of the City of Eureka ("HACE") will employ a Community Liaison and a Housing Advocate to provide essential, free services at 3230 Hiler Street.

The Services Coordinator will organize community-building events, such as holiday celebrations and tenant meetings, while also connecting residents to external resources like medical supports and food banks. This referral and advocacy work will empower residents to achieve self-sufficiency. The Other Services Specialist will offer tailored housing support, assisting tenants in understanding their lease terms, addressing compliance issues, and setting SMART goals for maintaining housing and enhancing quality of life. Family support services, including financial management courses and crisis management, will further aid residents. Additionally, job-readiness preparation will be provided to foster independence. Each staff member will dedicate at least 267 hours annually to these services. The Blue Phase will replicate this service model, focusing on the unique needs of senior residents.

By delivering on-site services, the project promotes desegregation and supports at-risk communities. HACE will collaborate with local non-profits to expand service offerings, ensuring that residents have access to a comprehensive support network. This proactive approach, combined with ongoing community engagement, will create a more inclusive and supportive living environment for all residents.

Educational Resources and Public Input. Our proposal is informed by several equity-related educational resources and public input processes, such as community meetings, focus groups, and participatory budgeting that gathered feedback from historically underserved groups. These efforts have highlighted the need for affordable housing to be integrated into well-resourced areas rather than concentrated in marginalized neighborhoods.

We also plan to actively engage and support minority-, women-, and veteran-owned businesses during the housing production process by prioritizing them in procurement and contracting. This approach is aligned with our commitment to economic inclusion and supports equitable access to opportunities for underrepresented groups in the housing development field. We are also in the process of developing a formal diversity and equity plan that will guide these

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efforts, ensuring they are measurable and impactful.

To track and evaluate racial equity in our grant activities, we will implement the following steps:

1. **Data Collection:** We will track demographic data on applicants and residents to measure representation of racial and ethnic minorities.
2. **Equity Metrics:** Key indicators like the number of minority households and participation of minority-owned businesses will be monitored, with regular progress reports.
3. **Community Feedback:** Continuous engagement through surveys, focus groups, and community meetings will help refine our approach to equity.
4. **Affirmative Marketing:** We will launch targeted marketing campaigns to reach underrepresented groups, including non-English speakers.
5. **Partnerships:** Collaboration with local organizations serving minority communities will ensure broad outreach and equitable access to housing opportunities.

Ultimately, our proposal seeks to break down long-standing barriers to desegregation by expanding housing options in well-resourced neighborhoods, ensuring that all residents—regardless of income—can access high-quality services, amenities, and opportunities.

D.5. Budget and Timeline

Budget. The figure below summarizes the budget and schedule for the two proposed activities and key sub-tasks. A more detailed breakdown of project costs and sources of funds can be found in the attached Grant Application Detailed Budget Worksheet (424-CBW).

Budget and Schedule for Proposed Activities

	HUD PRO Housing Budget	Other Funding Sources*	Start Date	Completion Date
Activity 1: Rural Advocacy Initiative	\$0	\$0	Feb. 2024	Feb. 2026
Activity 2: State Prohousing Strategies	\$0	\$0	Feb. 2024	Feb. 2029
Activity 3: Everding Repositioning				
Eureka Green Phase	\$49,576,926	\$3,500,000	Feb. 2024	Nov. 2027
Eureka Blue Phase	\$49,576,926	\$3,500,000	Feb. 2024	Nov. 2028
Overall Project	\$99,153,852	\$7,000,000		

Activity 3: Everding Repositioning Project. The budget for each Green Phase and Blue Phase was determined by HACE and its developer partners for this grant in close collaboration with project engineers and general contractors. Soft costs, such as construction drawings, were derived from costs incurred on previous projects or from existing contracts with engineers for the Everding Repositioning Project's proposed activities. General contractors for both projects used data from recent comparable projects, as well as construction and labor requirements of committed

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Applicants: City of Eureka and Housing Authority of the City of Eureka

and anticipated funding sources, to derive accurate preliminary cost estimates for the hard costs associated with each development project. The cost estimates also account for contingencies and inflation leading up to the start of construction to ensure the sources will be sufficient for the scope. All improvements will be reviewed and approved by their respective local jurisdiction’s building department as applicable, to ensure industry standards are met.

Minimum Award Amount. An award that is significantly below the requested \$7 million would require a fundamental modification to this proposal. To ensure that this funding will be at a scale that can be rapidly deployed to fill a funding gap, without requiring time-intensive searches for additional funding, even a reduction of \$1 million could limit the utility of the funding to one of the two phases of the Everding Repositioning Project. A reduction of roughly 30%-45% would necessitate funding only one of the Catalyst Projects, while a reduction of 50% or more would render the overall approach ineffective. The minimum funding to carry out the proposal is \$3.5 million to each phase of the Everding Repositioning Project. At this level of funding, the specific benefits of the Everding Repositioning Project (e.g., number of affordable units) would be reduced along with the ability to deliver “proof of concept” across different geographic locations with different development types.

Timeline. The Everding Community PRO Housing project is designed to be completed well ahead of the FY2024 NOFO 2030 deadline. The schedule begins with advocacy efforts to have Humboldt County recognized as a rural county by TCAC, which will be submitted by December 2024. This advocacy is critical for maximizing opportunities to secure tax credits for the project.

By January 2025, the development team will update due diligence for the Green Phase LIHTC application, which was initially submitted in June 2024. Following this, the Round 1 tax credit award for the Green Phase is anticipated in May 2025, with financing closure scheduled for October 2025. Construction for the Green Phase will commence in November 2025. Meanwhile, the due diligence for the Blue Phase LIHTC application will be finalized by January 2026, with the Round 1 tax credit award expected in May 2026. Financing for the Blue Phase will close by October 2026, with construction beginning the following month, in November 2026.

Construction for the Green Phase is projected to be completed by November 2027, while the Blue Phase is expected to finish by November 2028. Both phases are anticipated to be completed within 24 months, ensuring project completion well before 2029. If there are any delays in securing tax credits, the timeline allows for the resubmission of applications while still completing the project within the performance period, ensuring the successful delivery of affordable housing to the community.

Project Schedule

Submit Humboldt County Rural Advocacy Memo	December 2024
Update Due Diligence for LIHTC Application	January 2025
Round 1 Tax Credit Award – Green Phase	May 2025
Close Financing - Green Phase	October 2025
Construction Start – Green Phase	November 2025
Finalize Due Diligence for LIHTC Application	January 2026

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Round 1 Tax Credit Award – Blue Phase	May 2026
Close Financing – Blue Phase	October 2026
Construction Start – Blue Phase	November 2026
Construction Completion – Green Phase	November 2027
Construction Completion – Blue Phase	November 2028

DRAFT Exhibit E: Capacity

Applicant: City of Eureka and the Housing Authority of the City of Eureka

EXHIBIT E

Applicants: City of Eureka and Housing Authority of the City of Eureka

Exhibit E Capacity.

Organizational Structure. The organizational structure for the PRO Housing activities will be a collaborative effort between the City of Eureka (“City”) and the Housing Authority of the City of Eureka (“HACE”), with the two organizations forming a Joint Committee. This committee will meet monthly to discuss progress, make key decisions, and ensure the coordinated implementation of all grant-related activities.

The City of Eureka will take the lead on Activity 2, which focuses on the State Prohousing Strategies and promotion of the policy initiatives aimed at removing barriers to housing production. To manage these responsibilities effectively, the City will dedicate three staff members to oversee the policy work and ensure the smooth execution of the initiatives.

HACE will lead Activity 1, the Rural Advocacy Initiative, and Activity 3, the housing production and preservation efforts, including the construction and rehabilitation of affordable housing units. HACE will also manage all community outreach related to the PRO Housing activities, ensuring that stakeholders and residents are actively engaged in the process. HACE will allocate three internal full-time staff members and the staff time of Brinshore Development, L.L.C. and Operative Office, Inc. (“Development Team”). Leveraging the expertise of the competitively procured Development Team to manage these responsibilities will increase the Joint Committee's capacity.

The Joint Committee will endeavor to make decisions collaboratively. However, if disagreements arise, each organization will have a weighted vote for their respective activities, ensuring that both the City and HACE maintain responsibility for their assigned areas of work. This structure ensures a balanced and effective management approach, with clear leadership roles and accountability for the successful execution of the grant activities.

Organization	Staff
<i>City of Eureka</i>	<i>Miles Slattery, City Manager, City Administration Kristen Raymond, Project Manager, Housing Division Lane Millar, Finance Director, Finance Department</i>
<i>Housing Authority of the City of Eureka</i>	<i>Cheryl Churchill, Executive Director J. Dustin Wiesner, Director of Finance, Administration, and Technology Ryan Harvey, Maintenance Supervisor</i>
<i>Brinshore Development, L.L.C.</i>	<i>Karly Brinla, Vice President Development Manager Maggie Mullen, Assistant Development Manager</i>
<i>Operative Office, Inc.</i>	<i>Emily Ware, Director of Development Michael den Hartog, Director of Design</i>

Currently, the City of Eureka has ample capacity and staff to manage Activity 1, which focuses on the State Prohousing Strategies and associated policy initiatives. HACE, with its robust organizational structure, is well-equipped to handle community outreach efforts and oversee the work of the Development Team.

However, neither the City nor HACE initially had the sufficient staff or capacity to directly oversee the complex development activities required for Activity 2 and Activity 3. To

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address this, HACE competitively procured a specialized Development Team. This team includes Brinshore Development, L.L.C. (“Brinshore”) and Operative Office, Inc. (“Operative Office”), both of which bring substantial expertise in affordable housing development and housing policy advocacy. Together, Brinshore and Operative Office will support the implementation of the development activities, ensuring the successful execution of housing production and preservation efforts under the PRO Housing grant.

Implementation of the Proposed Activities. The City of Eureka and the Housing Authority of the City of Eureka (“HACE”) will jointly lead the implementation of the proposed activities.

Activity 2 – City of Eureka. The City of Eureka will be responsible for leading the implementation of Activity 2, focusing on policy initiatives. This includes the adoption of 1F (residential use parking exemptions) and 4G (general funds for low-income household rental and utility assistance). The City will build on its previous experience in participatory budgeting, where community members identified these priorities. In Fiscal Year 2022-23, the City allocated \$75,000 to support a Participatory Budgeting process, which allowed residents to identify these critical housing-related priorities. The City’s management capacity is demonstrated through this successful engagement, and it is well-positioned to implement these strategies with input from the community. The City of Eureka has a track record of making changes that are designed to support a greater level of housing support, including development. Through ongoing review of local policies and consideration of community inputs, the City will seek potential avenues to simplify and further expand new housing production.

The City of Eureka has a proven track record of successfully implementing housing-related initiatives, as demonstrated by its leadership in Activity 2. In addition to spearheading policy initiatives like residential parking exemptions and rental and utility assistance, the City was awarded a \$630,000 Prohousing Incentive Program Grant from the California Department of Housing and Community Development. This grant, targeted for rapid rehousing and homelessness prevention, underscores Eureka's capacity to manage large-scale housing programs. The City’s ability to secure funding and implement community-driven priorities demonstrates its robust management capacity, positioning it to successfully execute the proposed activities.

Activity 1 and Activity 3 – HACE. HACE will lead the implementation of Activity 1 (Rural Advocacy Initiative) and Activity 3 (Everding Repositioning Project). HACE will manage the advocacy efforts, including submitting documentation and maps to TCAC to allow rural at-risk projects to compete for broader at-risk funds. This includes research compilation, memo submission, and participation in public comment meetings. Additionally, HACE will oversee the housing development activities of the Everding Repositioning Project, ensuring the timely construction of high-quality affordable housing units. HACE’s capacity is strengthened by its partnership with experienced development partners and its track record in housing projects.

During the COVID-19 pandemic, housing authority staff were responsible for implementing the Emergency Housing Voucher program from the ground up to assist up to 182 homeless individuals and families in obtaining voucher assistance and securing housing, in a time-limited program. Over 24 months, all 182 allocated vouchers were successfully issued, and 80% of participants have obtained permanent housing. This is just one example of how HACE staff were able to quickly pivot to implement a new project, allocate adequate personnel, implement

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new financial and reporting controls and procurement policies, and rapidly launch and execute a major project with significant positive impacts on the community. Because housing development has even more complex requirements, HACE will allocate staff resources as necessary to continue its close collaboration with Brinshore and Operative Office, supporting efforts to bring new affordable housing to the City of Eureka. With extensive experience in housing development, Brinshore and Operative Office will lead development work under Activity 3, ensuring that project budgets, timelines, and requirements are carefully managed, bringing redevelopment plans to fruition. HACE will support these efforts and implement a program of connecting with rural affordable housing providers statewide to help build critical support for the desired policy changes at the state level.

Together, these agencies will leverage their expertise and capacity to successfully execute the proposed activities.

Relevant Project Management, Quality Assurance, Financial and Procurement, and Internal Control Capacity. Regarding quality assurance, internal controls, and controls around project management, finance, and procurement management, HACE has established policies and controls that require both management oversight as well as regular review by a board of commissioners. Working in a highly regulated field, HACE prioritizes ongoing education pertaining to compliance with regulations and internal policies and procedures, and has a stated goal of zero findings in annual audits, which it has successfully achieved for most of the past decade. Any risks related to development activities are reviewed and discussed monthly with the internal management team, external development partners, and board of commissioners. Authority to enter agreements and transact business related to redevelopment is expressly granted by the board, which is regularly kept abreast of development activity. Progress on expected project timelines is monitored closely to ensure deadlines are met. Similarly, budgets are reviewed regularly so adjustments can be made proactively. The above illustrates the typical controls that HACE operates under, and would continue to follow with implementation of any new projects.

Jurisdiction's Leader Capacity and Legal Authority. The City of Eureka, through its Housing Division, has demonstrated strong leadership capacity by earning a Prohousing designation from the State of California. This recognition reflects years of commitment to expanding affordable housing options through a variety of housing programs aimed at serving all income levels. Additionally, HACE, established in 1946, brings decades of experience in developing, owning, and managing affordable housing. HACE currently oversees 270 units, including both traditional public housing and tax credit properties.

With legal authority as applicants in a multijurisdictional partnership, the City of Eureka and HACE will collaboratively implement the proposed reforms. This partnership is formalized through a Memorandum of Understanding ("MOU"), ensuring aligned efforts and clear roles in executing housing development initiatives and policy changes. Together, their leadership and legal authority provide a solid foundation for effectively implementing the proposed reforms.

Partner's Capacities and Credentials. HACE has engaged Brinshore Development, L.L.C. ("Brinshore") and Operative Office, Inc. ("Operative Office") as key partners in implementing the proposed project, leveraging their extensive expertise and capacities. Both

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partners were competitively procured based on their proven track record in affordable housing development, and they bring essential skills to the project.

Founded in 1994, Brinshore Development, L.L.C. is a nationally recognized leader in affordable housing development with decades of experience in creating and managing housing solutions for underserved populations. They have completed more than 115 projects, comprised of more than 10,000 units. Brinshore’s expertise in financing, construction, and project management will be critical to ensuring the timely and efficient delivery of high-quality housing units. Brinshore has built a diverse portfolio of rental units, including low-, moderate-, and mixed-income developments, senior communities, permanent supportive housing, and affordable artist housing, in addition to for-sale residential. The firm’s portfolio also includes 80,000 square feet of commercial space throughout its housing developments, and incorporates a wide range of development types, including new construction, rehabilitation, historic renovation, and adaptive reuse. Brinshore’s developments are located in 17 states and the District of Columbia, including six projects in California.

Operative Office is an integrated architecture and development practice, specializing in community-based development and public-private partnerships in California. In partnering with Brinshore, the Operative Office team brings extensive California-specific LIHTC expertise, as well as relationships with CTCAC, CDLAC, HCD, State, and Local officials. Operative Office is currently partnering with Brinshore on several projects across the state.

Experience Working with Partners. The City of Eureka has a longstanding history of supporting HACE's efforts to redevelop public housing and enhance the availability of affordable housing in the region. This partnership has been integral to aligning their objectives with the local housing element, ensuring that both entities work collaboratively toward common goals. Over the years, the City and HACE have conducted numerous community stakeholder and outreach meetings to gather public input on housing initiatives, both in a general context and for specific projects. These engagements have fostered strong relationships with community members and local organizations, creating a robust network of support for housing development efforts.

In managing redevelopment projects, HACE has successfully coordinated with experienced partners, including Brinshore and Operative Office. Their combined expertise in affordable housing ensures that the projects are executed efficiently and meet the needs of the community. This collaborative experience positions HACE well to effectively coordinate with contractors, funders, subrecipients, and other government agencies in future projects, leveraging established relationships and a shared commitment to enhancing housing options in Eureka.

Application Authors. The primary authors of this application were lead team members from Brinshore and Operative Office, who were competitively procured by HACE to serve as the Developer on the Everding Repositioning Project.

<i>Primary Application Authors</i>	<i>Karly Brinla, Vice President Development Manager Brinshore Development, L.L.C.</i> <i>Maggie Mullen, Assistant Development Manager Brinshore Development, L.L.C.</i>
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	<i>Emily Ware, Director of Development Operative Office, Inc.</i>
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The applicant staff and decision-makers were actively engaged throughout the FY2024 Everding Community PRO Housing Application. The City of Eureka and HACE played pivotal roles in selecting the scope of activities, leveraging their deep understanding of local needs and history to identify initiatives with the most potential for impact. Both entities took the lead in drafting key sections, including the capacity section, ensuring alignment with their strategic priorities.

Throughout the drafting process, lead staff from the City and HACE reviewed and approved the content. The Development Team followed the guidance and direction provided by the City and HACE, ensuring that any actions taken were in full coordination with their leadership. This collaboration will continue as the grant activities are implemented, with the Development Team supporting the work only with the City’s and HACE’s approval. Regular meetings will be held to maintain alignment and ensure the successful execution of the proposed activities.

Experience with Civil Rights and Fair Housing. HACE has significant experience working with civil rights and fair housing issues, particularly in identifying and addressing racial and economic disparities. Through targeted data analysis, HACE discovered that BIPOC men are underrepresented in requests for reasonable accommodations (“RA”), despite being a significant portion of those served. In response, HACE implemented focused outreach efforts to ensure that BIPOC male customers are fully informed about RA availability and the process to request one, resulting in tangible steps toward reducing disparities in service accessibility. Furthermore, an analysis of voucher holders revealed that BIPOC households tend to take longer to lease up and are more likely to lose their vouchers due to expiration before securing housing. While this may not directly impact the current project, it underscores HACE's ongoing efforts to identify and address barriers to housing for BIPOC populations.

HACE’s outreach efforts are designed to be inclusive and multimodal, leveraging its website, phone, email, and in-person community outreach events. The organization also engages directly with individuals in their homes or public locations to assist with paperwork and ensure that no one is left behind due to logistical challenges, reinforcing its commitment to equity and accessibility in all programs.

DRAFT Exhibit F: Leverage

Applicant: City of Eureka and the Housing Authority of the City of Eureka

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Exhibit F Leverage.

Summary. Leveraged commitments are summarized here in narrative form, and are also supported by Optional Attachments. Collectively, the supporting documents demonstrate that the sources discussed herein are all valid and accurate commitments of future support, as follows:

- Resource commitments are written on letterhead.
- Resource commitments are signed by a person authorized to make the commitment.
- Resource commitments detail the dollar amount and any terms of the commitment.
- Resource commitments are explicitly dedicated to the specific activities proposed in our PRO Housing application, which include the construction of both Green Phase and Blue Phase.
- Resource commitments are firmly committed/dated as of the PRO application deadline, and will also be used by the end of the PRO period of performance.
- Resource commitments indicate that the funding is available to our team. As outlined in Narrative Exhibit B and our collaboration agreement, our team includes both the City of Eureka (Eligible PRO Applicant) as well as both Clark I LP and Hiler I LP; in turn, Clark I LP and Hiler I LP each include special-purpose entities formed by Brinshore Development LLC and Eureka Housing Development Corporation (“EHDC”); in turn, EHDC is an instrumentality of the Housing Authority of the City of Eureka (“HACE”).

Leveraged commitments for Activity 3: Everding Repositioning Project:

Infill Infrastructure Grants: The California Department of Housing and Community Development has awarded and documented IIG commitments for both Eureka Green Phase and Eureka Blue phase. The intention of the IIG program is to fund necessary infrastructure for the development of selected affordable housing projects. IIG comes with a two-year performance period and that performance period began for both Green Phase and Blue Phase on July 31, 2024. HUD’s award of PRO Housing funds will provide crucial funds necessary to complete construction for both Green Phase and Blue Phase in a timely enough manner to retain the State’s IIG awards for both projects. The award for Green Phase is \$2,402,000 and the award for Blue Phase is \$2,103,700; thus, the combined total is \$4,505,700. As such, the full \$4,505,700 should be counted and scored as a valid commitment of financial leverage for the FY2024 Everding Community PRO Housing Application. While all of the leveraged commitments serve as indicators of community support for the proposed activities, we note that the IIG awards alone should qualify for the full 10 points in accordance with Table 1, and we have therefore included full documentation in the Optional Attachments to this section. Together, the IIG awards far exceed 50% of the \$7,000,000 in PRO grant funds requested. Our intention is that any additional funds beyond those required to receive the full 10 points will further increase the effectiveness of the proposed activities.

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Contributed Land Value: HACE has offered ground lease option agreements in which annual ground lease payments are payable only from residual/available cashflow, provided that any rent that remains unpaid shall accrue interest at a non-compounding rate equal to 4%. In other words, at a 4% discount rate, the present value of these soft payments (and thus the capitalized value of the lease) shall equal the appraised value of the sites. The most recent appraisal for the Green Phase site was completed by The Gill Group in September 2024 and suggested an appraised value of \$4,360,000, while the most recent appraisal for the Blue Phase site suggested an appraised value of \$4,030,000, indicating a combined value of \$8,390,000. By accepting a soft ground rent structure in which payments are made only from available cashflow, HACE has increased the borrowing capacity of each of the two projects, and effectively subsidized them in equal measure to the value of the sites themselves. The sites will be conveyed to Hiler I LP prior to the start of construction for Green Phase, and to Clark 1 LP prior to the start of construction for Blue Phase; both of these dates are anticipated to be well within the performance period. As such, this value of the two sites could and should be considered and scored as a valid commitment of financial leverage for the FY2024 Everding Community PRO Housing Application.

Construction-to-perm loan from R4 Captial Funding, backed by PBVs and Services from HACE: R4 Captial Funding (“R4CF”) has made a construction-to-perm loan commitment, backed and supported by the commitment of project-based vouchers and a community benefit agreement for no-cost resident services from local community partners at HACE. While the voucher income and no-cost services will extend beyond the PRO performance period, they are capitalized and monetized at the time the project is placed in serviced, which again, is anticipated to be well within the PRO performance period. It would be financially infeasible for the project to take on this construction-to-perm loan without HACE’s commitment of project-based vouchers and no-cost resident services. Thus, the construction-to-perm loan commitment is not only a valid source of leverage to be used within the PRO performance period, but it also monetizes two additional sources of committed long-term community support from our local partners at HACE. As such, this delta could be considered and scored as a valid commitment of financial leverage for PRO. Based upon the information provided to us to date, R4CF expects the total loan financing on the property to be a combined total of \$37,700,000 during the development period of Green Phase and Blue Phase; this will then be paid down to a combined total of \$8,480,000 at Stabilization of both Green Phase and Blue Phase.

Tax Credit Equity from R4: The enclosed commitment to invest tax credit equity is made by R4 Equity. It is made subject to the award of tax credits by the California Tax Credit Allocation Committee. An award of PRO will provide a crucial step in that award by the CA Tax Credit Allocation Committee, as leverage from other public agencies is the primary criterion on which applications are scored.

DRAFT Exhibit G: Long-Term Effect

Applicant: City of Eureka and the Housing Authority of the City of Eureka

EXHIBIT G

Applicants: City of Eureka and Housing Authority of the City of Eureka

Exhibit G Long-term Effect.

Permanent, Long Term Effects. The Rural Advocacy Initiative (“Activity 1”), State Prohousing Strategies (“Activity 2”), and the Everding Repositioning Project (“Activity 3”) are central to the success of removing barriers to affordable housing production and preservation.

1. **Rural Advocacy Initiative**, which focuses on advocating for adjustments to California’s Tax Credit Allocation Committee (“TCAC”) regulations, plays a crucial role in leveling the playing field for rural communities. Currently, rural regions often struggle to compete for federal tax credit dollars due to policies that favor urban areas. Through targeted advocacy efforts, this initiative seeks to adjust TCAC regulations, ensuring that more Low-Income Housing Tax Credits (“LIHTCs”) are allocated to rural areas. This will make it significantly easier for developers to finance and build affordable housing projects in underserved regions like Humboldt County, where the need for affordable housing is particularly acute.

By successfully securing these regulatory changes, Activity 1 will set a powerful precedent, empowering affordable housing developers and public housing agencies across California to more easily access federal LIHTC allocations. These allocations are critical for bridging funding gaps and advancing affordable housing developments.

2. Second, the **State Prohousing Strategies** will play a pivotal role in dismantling barriers to housing development, empowering both public and private stakeholders to substantially increase the supply of affordable housing. Specifically, measures such as residential use parking exemptions, eliminating parking requirements for ADUs, SB9 units, affordable housing, and small units, as well as utilizing general funds to support low-income rental assistance will have a significant impact. These strategies are specifically designed to expedite housing production by advancing transformative projects like the Everding Repositioning Project, which will serve as a key catalyst for broader state-level housing initiatives. Activity 2 complements ongoing advocacy efforts by providing a clear, actionable framework that streamlines approval processes and removes bureaucratic obstacles that frequently stall affordable housing developments.
3. Lastly, the **Everding Repositioning Project** (“Activity 3”) will generate lasting, transformative impacts by delivering high-quality, affordable housing while simultaneously addressing critical barriers to the production and preservation of such housing in Humboldt County. This project is set to create over 80 affordable housing units, specifically tailored to meet the long-term needs of very low-income families and seniors, ensuring housing stability and affordability for generations to come. Designed with sustainability and resilience in mind, these units will not only serve immediate housing demands but also guarantee sustained affordability well beyond the grant's period of performance, creating a robust foundation for continued growth in the local affordable housing sector.

Upon completion of the grant-funded activities, the Everding Repositioning Project will demonstrate that production and preservation of affordable housing can be achieved in Humboldt County by leveraging both City policies (Activity 2) and state-level policy changes (Activity 1).

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Applicants: City of Eureka and Housing Authority of the City of Eureka

The project's success will serve as a model that encourages other developers to follow suit, increasing housing rehabilitation and/or production and therefore the overall availability of long-term affordable housing in vulnerable communities. The project will set a precedent for building and preserving the highest quality affordable housing in the City of Eureka. The outcomes expected include a large-scale redevelopment of the Everding Community, the production of hundreds of affordable units (through subsequent development phases), and the creation of a more favorable environment for future affordable housing projects in rural and vulnerable areas. These achievements will have a lasting impact on overcoming the structural barriers to affordable housing development in Humboldt County.

Model for Others. The FY2024 Everding Community PRO Housing Application serves as a model for other communities by demonstrating how to effectively integrate state policy initiatives with local development goals to reduce housing barriers and promote equitable growth. As a cornerstone of both Activity 1 and Activity 2, the project illustrates how policies that reduce regulatory and financial barriers can be successfully moved from policy planning to practical implementation, addressing affordability, equity, and climate goals in one cohesive effort. By focusing on specific sites in Eureka, the City demonstrates how this collaborative approach can reduce regulatory obstacles, streamline processes, and accelerate affordable housing production.

This project showcases a replicable strategy for “investment without displacement,” preserving and modernizing public housing while ensuring long-term affordability for vulnerable populations. As a tangible success story, the Everding Repositioning Project will offer a blueprint for other jurisdictions looking to replicate these outcomes. The lessons learned will guide future initiatives, demonstrating how these policies can be scaled to support broader affordable housing efforts, not only in Eureka but also in other urban and rural communities. By aligning local and state goals, this model provides a pathway for communities to attract additional resources and enact transformative changes to address chronic housing shortages.

The Everding Repositioning Project, a central component of the proposal, exemplifies how a local jurisdiction can address key barriers on a larger scale. By focusing on the revitalization and repositioning of existing public housing, this project not only preserves affordable housing but also modernizes it, ensuring that the units remain viable for future generations. Investing in such projects demonstrates how localities can replicate and scale this effort, positioning themselves to attract both public and private funding while addressing their housing shortages.

Ultimately, the FY2024 Everding Community PRO Housing Application serves as a model for other communities by illustrating how regulatory reform, reinvestment in existing housing stock, and streamlined development processes can be combined to address affordable housing challenges. Other jurisdictions, regardless of size or location, can replicate this model to improve housing affordability and availability.

Success Metrics. Success at the end of the performance period, and beyond, will be defined by tangible improvements in affordable housing availability, sustainability, and community resilience. Specifically, success includes:

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1. **Lasting Policy Impact:** The successful advocacy for changes in the Tax Credit Allocation Committee (“TCAC”) regulations, which will continue to benefit affordable housing efforts in rural areas like Humboldt County long after the project’s completion.
2. **Reduction of Barriers:** Achieving substantial progress in eliminating legal, regulatory, and procedural obstacles to housing development through the implementation of State Prohousing Strategies.

This includes successfully committing to **Policy 1F** which exempts residential developments like ADUs, SB9 units, affordable housing, and small units from parking requirements. Where parking is necessary, ratios will be minimized, offering numerous reductions and alternatives to streamline development. Additionally, **Policy 4G** will direct general funds towards providing rental and utility assistance to low-income households, further removing financial barriers and supporting housing affordability.

3. **Completion of Affordable Housing Units:** Successfully constructing 84 high-quality, affordable housing units through the Green Phase and Blue Phase of the Everding Repositioning Project. These units will offer sustainable housing solutions for very low-income families and seniors, ensuring long-term affordability beyond the grant’s period of performance. Ultimately, this achievement will pave the way for the rest of the Everding Repositioning Project and bolster affordable housing production throughout the City of Eureka.
4. **Improved Community Livability:** Enhanced quality of life for residents, characterized by stable housing, improved infrastructure, and access to essential services. Success also means fostering community resilience against future challenges, including economic pressures and environmental risks like wildfires.

<i>Success Metrics (“SMs”): FY2024 Everding Community PRO Housing Application</i>		
<i>Activity</i>	<i>End of Grant Period SMs</i>	<i>Long Term SMs</i>
<i>Activity 1: Rural Advocacy Initiative</i>	1. TCAC Changes Regulations: Successful advocacy efforts leading to TCAC adjustments that allow at-risk projects in rural areas to compete equally for at-risk funds currently reserved for urban applicants.	1. Federal LIHTC allocations in Humboldt County: Achieving a 10% increase in Federal LIHTC allocations in Humboldt County over the next 10 years due to TCAC's adjusted regulations allowing at-risk projects to compete on equal footing with urban applicants.
<i>Activity 2: State Prohousing Strategies</i>	1. Improve Development Process for Green and Blue Phase: Successful implementation of Policy 1F and Policy 4G for the Green Phase and Blue Phase of	1. Improved Development Process for Others: Leveraging the successful completion of the Green Phase and Blue Phase to initiate the broader Everding Repositioning Project and

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	the Everding Repositioning Project.	stimulate additional affordable housing developments throughout the City of Eureka.
<i>Activity 3: Everding Repositioning Project</i>	1. Construction of 86 Affordable Housing Units (Green & Blue Phase): Completion of 86 high-quality, affordable housing units (and two manager’s units) through the Green Phase and Blue Phase of the Everding Repositioning Project.	1. Construction of Over 200 Affordable Housing Units: Successfully completing the development of more than 200 high-quality affordable housing units in the Everding Neighborhood, providing stable homes for families. 2. Improved Community Livability and Resilience: Enhancing residents' quality of life through stable housing, better infrastructure, and access to essential services, while building resilience against economic pressures and environmental threats like wildfires.

Ultimately, success will be seen in the sustained impact of these efforts on housing equity, community well-being, and the elimination of housing insecurity for vulnerable populations.

Long Term Effects for Vulnerable Communities. The long-term effects of our proposal on removing barriers to affordable housing production will be transformative, addressing the systemic issues that have perpetuated segregation and limited access to well-resourced neighborhoods for protected class groups and vulnerable populations.

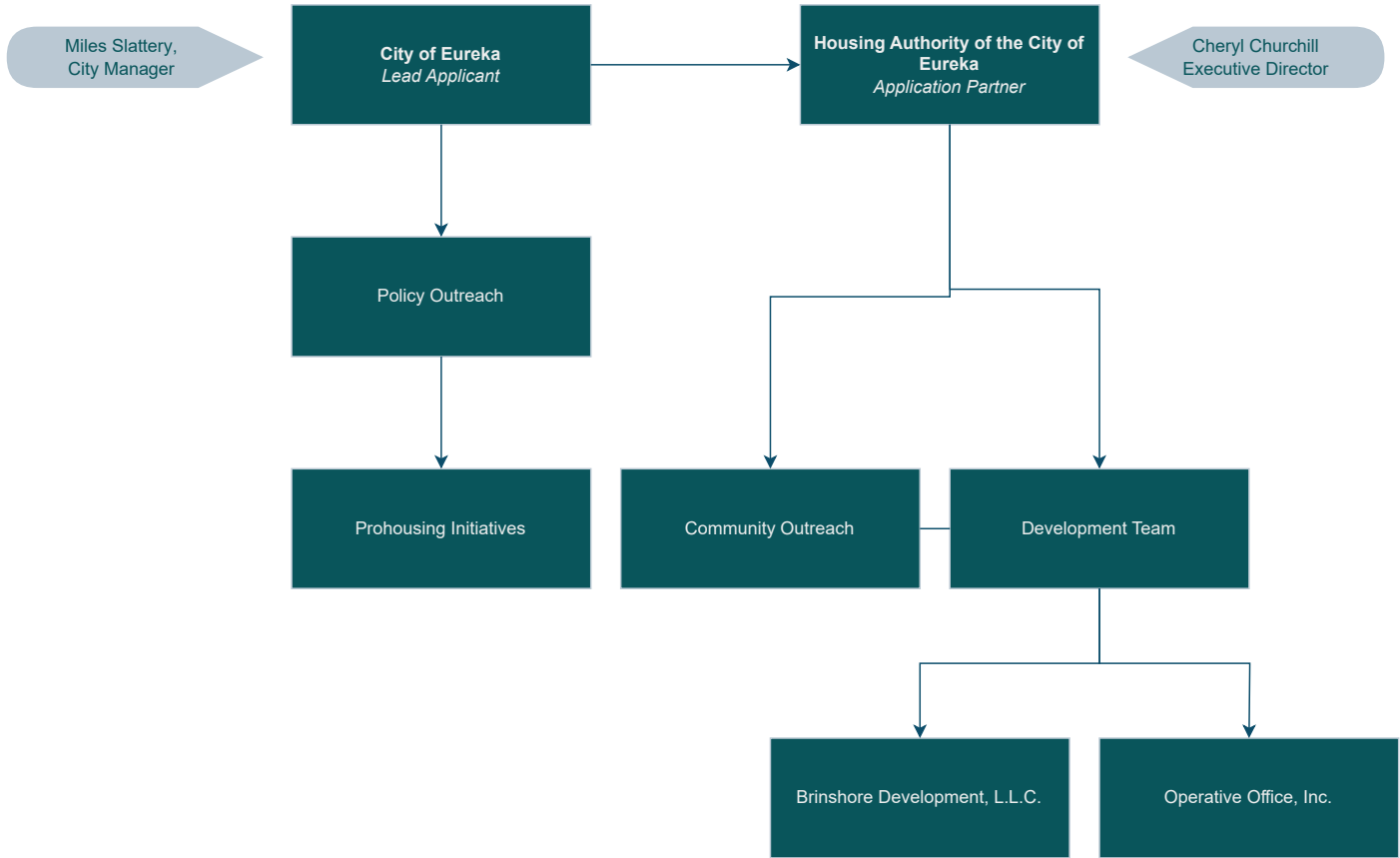
First, the streamlined processes (**Activity 2**) and financial support (**Activity 1 and Activity 2**), will enable the construction of more affordable housing units in diverse neighborhoods, fostering mixed-income developments that promote inclusion. This increased housing availability will provide protected class groups with better access to quality schools, employment opportunities, and essential services, helping to break the cycle of poverty and segregation.

Second, our efforts will prioritize the development of affordable housing in well-resourced areas (**Activity 1**), allowing vulnerable populations to integrate into communities with greater access to amenities and resources. This strategic placement not only enhances their quality of life but also encourages community cohesion and diversity.

Lastly, the advocacy for policies that direct funding and resources to support low-income households (**Activity 1 and Activity 2**) will further ensure that marginalized groups have equitable access to housing opportunities. By fostering a more inclusive housing landscape, our proposal aims to create lasting change that promotes equity, resilience, and opportunity for all residents, ultimately leading to a more just and integrated community.

DRAFT Optional Attachments

Applicant: City of Eureka and the Housing Authority of the City of Eureka



Memorandum of Understanding

This Memorandum of Understanding (this "**MOU**") is entered into between Housing Authority of the City of Eureka, a public body, corporate and politic ("**HACE**"), the Eureka Housing Development Corporation, a California nonprofit public benefit corporation ("**EHDC**"), and the City of Eureka, a municipal corporation (the "**City**") as of October ____, 2024 (the "**Effective Date**") for the purpose of applying to the Fiscal Year 2024 (FY 24) Pathways to Removing Obstacles to Housing FR-6800-N-98 ("**PRO Housing**") NOFO and completing the Proposed Activities, as described below.

The City shall serve as the "**Lead Applicant**" and HACE shall serve as the "**Multijurisdictional Partner**." Additionally, as an instrumentality of HACE, EHDC shall also serve as a CBO partner to the application.

If selected for a PRO Housing award, as the Lead Applicant, the City will be responsible for the overall management, performance, oversight and reporting responsibilities of the PRO Housing grant, including oversight over the receipt and expenditure of these funds in compliance with program requirements. The City will also make subawards to Collaborating Entities, as defined in the FY 24 PRO Housing NOFO.

Proposed Activities:

The Roles and Responsibilities of the City are as follows:

- Responsible for management, performance, oversight and reporting responsibilities under the grant.
- Responsible for making subawards to Collaborating Entities.
- Responsible for receipt of federal funds from the EPA.
- Responsible for compliance and legal issues.
- Responsible for managing risks associated with the project.

The Roles and Responsibilities of EHDC are as follows:

- For construction projects included in the Proposed Application, HACE will be the Co-Administrative General Partner of the project's Owner Entity.
- For construction projects included in the Proposed Application, EHDC will be the Managing General Partner of the project's Owner Entity.
- Responsible for providing supportive services to residents of the proposed housing activities during the grant period.

The City, HACE, and EHDC are proposing to use PRO Housing grant funds on eligible activities to support the comprehensive redevelopment of the Everding Repositioning Project, which is currently owned and controlled by HACE. EHDC will be leading the Everding Repositioning

Project effort. The grant will fund key activities in the development of Everding Repositioning Project. These efforts will ensure the project is ready for the construction of vital affordable housing. By focusing on transparent and inclusive community involvement, leveraging additional funding, and preparing all necessary preconstruction documents, the City, HACE and EHDC aim to create a well-planned, vibrant neighborhood that meets the needs of both current and future residents.

We look forward to this partnership and uplifting our communities most in need.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the City, HACE, and EHDC have executed this MOU as of the Effective Date.

CITY:

CITY OF EUREKA,
a municipal corporation

By: _____

Name: _____

Its: _____

HACE:

HOUSING AUTHORITY OF THE CITY OF EUREKA,
a public body, corporate and politic

By: Cheryl Churchill
Cheryl Churchill
Executive Director

EHDC:

EUREKA HOUSING DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation

By: Cheryl Churchill
Cheryl Churchill
Chief Financial Officer

June 24, 2024

Hiler I LP
735 W. Everding St.
Eureka, CA 95503

RE: Green Phase – IIG Commitment

Dear Hiler I LP,

Green Phase was awarded \$2,402,000 from the Infill Infrastructure Grant (IIG) Program. Brinshore Development, L.L.C and Housing Authority of the City of Eureka (HACE) hereby commit the full IIG award of \$2,402,000 to Hiler I LP.

Please find the IIG commitment letter enclosed with the following notes:

- The IIG award letter refers to the project as "HACE (Green Phase)"
 - To remain consistent with other project documents, we are submitting the TCAC application with the project name of just "Green Phase", rather than "HACE (Green Phase)". Both names represent the proposed project at 3230 Hiler Street.
- The IIG award letter is addressed to Brinshore Development, L.L.C. and Housing Authority of the City of Eureka (HACE). At time of IIG application, Hiler I LP ("TCAC applicant"), was not yet formed.
- Organizational charts for Hiler I LP, EHDC and HACE are enclosed. Please note:
 - Hiler I AGP LLC, a special purpose entity (SPE) of **Brinshore Development L.L.C.** , will serve as the TCAC applicant's Administrative General Partner.
 - Hiler I MGP LLC, a special purpose entity (SPE) of Eureka Housing Development Corporation (EHDC), will serve as the TCAC applicant's Managing General Partner. EHDC is a non-profit instrumentality of **Housing Authority of the City of Eureka (HACE)**, and the two entities share an office and staff members.
 - HACE will serve as ground lessor, property management agent and will contribute tenant services at no cost to the project.

Sincerely,

Brinshore Development, L.L.C.,
an Illinois limited liability company,
its sole member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
its managing member

By: Richard Sciortino
Name: Richard J. Sciortino
Title: President

Housing Authority of the City of Eureka, a public body, corporate and politic

By:



Cheryl Churchill, Executive Director

Please acknowledge receipt of this letter by signing below.

HILER I LP,
a California limited partnership

By: Hiler I AGP LLC,
a California limited liability company,
its administrative general partner

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
its sole member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
its managing member

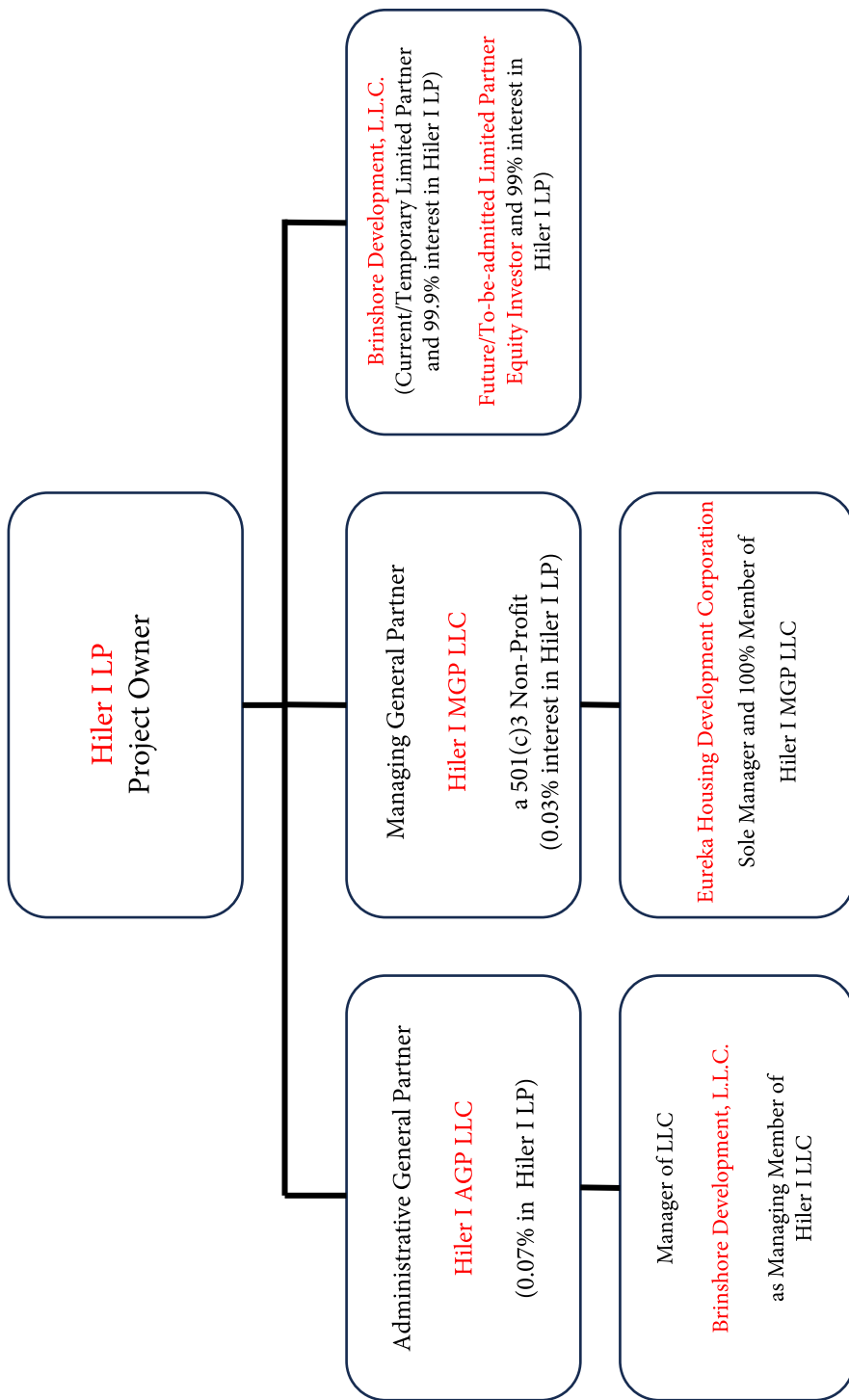
By: Richard Sciortino
Name: Richard J. Sciortino
Title: President

By: Hiler I MGP LLC,
a California limited liability company,
its managing general partner

By: Eureka Housing Development Corporation,
a California nonprofit public benefit corporation,
its manager

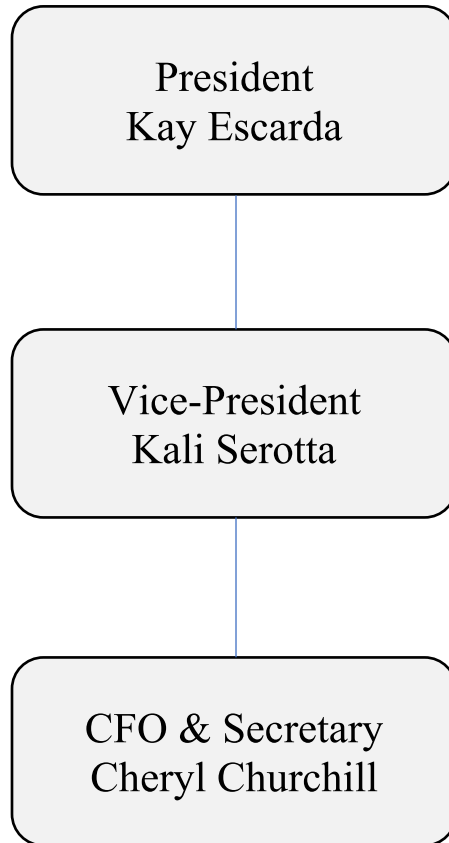
By: Cheryl Churchill
Name: Cheryl Churchill
Title: Chief Financial Officer and Secretary

Green Phase Organizational Chart



Eureka Housing Development Corporation

Organizational Chart



**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



April 5, 2024

Richard J. Sciortino, President
Brinshore Development, L.L.C
1603 Orrington Avenue
Evanston, IL 60201

Cheryl Churchill, Executive Director
Housing Authority of the City of Eureka
735 West Everding Street
Eureka, CA 95501

Dear Richard J. Sciortino and Cheryl Churchill:

**RE: Conditional Award Commitment and Acceptance of Terms and Conditions
Infill Infrastructure Grant Program, Round 12, 2023 Notice of Funding Availability for
Qualifying Infill Project Small Jurisdiction Set Aside, Fiscal Year 2023/2024
Brinshore Development, L.L.C and Housing Authority of the City of Eureka –
HACE (Green Phase)
Contract No. 23-IIGSJN-18268**

The California Department of Housing and Community Development (“**Department**” or “**HCD**”) issued an Infill Infrastructure Grant Program of 2019 (IIG 2019), Round 12, Notice of Funding Availability on August 31, 2023. The Department is now pleased to inform you of this conditional award to Brinshore Development, L.L.C and Housing Authority of the City of Eureka (“**Awardees**”). This conditional award is a grant in the amount of \$2,402,000 (the “**Conditional Award**”) for the above-referenced project (the “**Project**”) and includes the following:

Program	Award Amount	Contract Number
Infill Infrastructure Grant (IIG) Program	\$2,402,000	23-IIGSJN-18268

Infill Infrastructure Grant Program (IIG), Round 12, NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases. During the embargo period, this conditional award letter may be submitted in applications to California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC).

The Conditional Award is based on and subject to the Applicant Representations and the Terms and Conditions of Conditional Award, both as further specified and described in this notice of the Conditional Award (the “**Conditional Award Commitment**”). This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department (an executed copy of this form is enclosed herein).

I. Applicant Representations – Basis of Conditional Award

In response to the above-mentioned NOFA, the Awardee(s) submitted an application for [financing] [grant funding] of the Project (that application, and all communications and documentation submitted to the Department in support thereof, the “**Application**”).

The Department is making this Conditional Award to the Awardee(s) on the basis of, and in reliance upon, the representations, warranties, projections, and descriptions that the Awardee(s) submitted as part of the Application (the “**Applicant Representations**”).

The Department may rescind this Conditional Award if the Department discovers, at any time prior to disbursement of the Conditional Award, that the Applicant Representations included material misrepresentations or omissions, regardless of whether or not such misrepresentations or omissions were innocent, unintentional, and/or based upon belief.

II. Terms and Conditions of Conditional Award

TIME IS OF THE ESSENCE IN THE SATISFACTION OF THESE TERMS AND CONDITIONS OF CONDITIONAL AWARD.

The Department may rescind this Conditional Award if any of the terms and conditions enumerated in this Section II (the “**Terms and Conditions of Conditional Award**”) are not timely satisfied. The Terms and Conditions of this Conditional Award and their corresponding timelines are described below.

If the Terms and Conditions of this Conditional Award are timely satisfied, the Department will (i) promptly provide a written notification to the Awardee(s) via electronic mail; and (ii) circulate an executed copy of an STD 213, Standard Agreement, for all appropriate signatures and approvals in accordance with the timeline specified in Section III of this Conditional Award Commitment.

All timelines shall be calculated in calendar days. Any deadline falling on a weekend or State of California holiday shall be extended to the next business day.

A. Timely Execution of Acceptance of Terms and Conditions of Conditional Award Form

The Awardee(s) shall execute and deliver a copy of the enclosed Acceptance of Terms and Conditions of Conditional Award to the Department within ten (10) calendar days of the date of this Conditional Award Commitment. The Department will deem this condition to be unsatisfied if it receives an executed Acceptance of Terms and Conditions of Conditional Award that has been substantively modified, altered, or amended in any way. The signed Acceptance of Terms and Conditions of Conditional Award form must be submitted to infill@hcd.ca.gov.

B. Timely Delivery of Authorization and Organizational Documents

If not provided at the time of application, the Awardee(s) shall deliver to the

Department, within sixty (60) calendar days of the date upon this Conditional Award Commitment, a legally sufficient set of Authorization and Organizational Documents, as further described and specified below. Specifically, the Awardee(s) shall deliver a duly adopted authorizing resolution, as well as a complete and duly filed or adopted set of organizational documents and all amendments (the “**Authorization and Organizational Documents**”), for each of the following entities as applicable:

- each Awardee entity; the ultimate borrower of the Conditional Award funds (the “**Borrower**”); and,
- each separate legal entity that is part of the Awardee’s or Borrower’s organizational structure.

Each entity’s resolution must constitute, to the Department’s reasonable satisfaction, an unconditional, duly adopted, and legally binding authorization of the entity to accept the total amount of these Conditional Award funds, to fully participate in the relevant Department program, and to be legally bound by the requirements of the Department program. The Department may agree to an extension of fifteen (15) calendar days based on the Awardee’s demonstration of necessity.

Note: Local Public Entities, as defined in the above-mentioned NOFA and/or Final Program Guidelines, are not required to submit a complete and duly filed or adopted set of organizational documents and amendments. Both the Conditional Award and this Conditional Award Commitment are subject to Health and Safety Code section 50406, subdivision (p), as subsequently amended (“**AB 1010**”).

The Department has posted resolution templates on its website as informational guidance. Please note that use of the resolution templates is not compulsory. However, use of the provided templates will assist in the timely review and approval of the Standard Agreement. While entities may choose to use modified language in their resolutions, Sponsors should be aware that this may delay preparation of the Standard Agreement or, if deemed insufficient, may result in the need to submit a revised resolution.

At any point prior to disbursement, the Department may also require the Awardee(s) to resubmit Authorization and Organizational Documents if the original submittals were determined to be inaccurate or incomplete.

III. Delivery of Standard Agreement

In an effort to be responsive to each Awardee's closing needs and to ensure timely commitment of funds, the Department commits to delivering an executed copy of the Standard Agreement relative to this Conditional Award within ninety (90) calendar days of receiving all required documents, including all legally sufficient Authorization and Organizational Documents, in connection with this Project and as applicable.

In the coming weeks, your contract will be assigned to a Single Point of Contact (SPOC) which will serve as your contact for any and all inquiries related to the development and execution of the Standard Agreement. If this project has previously received funding from HCD, this new award will be referred to the same contact as your previous award so as to minimize the points of contact from within HCD. You will receive an email from your SPOC within 48 hours of receipt of your signed Acceptance of Terms and Conditions of Conditional Award.

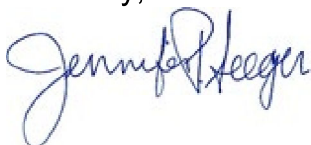
Among the responsibilities of the SPOC will be to maintain contact throughout the next several months as you work to secure all necessary funding sources to begin construction. Your SPOC will be reaching out to you monthly to inquire on status and progress. In the meantime, should you have any changes to the status or make up of your project we ask that you communicate these changes as soon as possible to your assigned SPOC.

IV. Deadline to Secure Permanent Financing

Please note, that the Awardee must secure all permanent financing, including tax credits and bond allocations, within 24 months of the date of the first Department funding award to the Project, consistent with the Department's Disencumbrance Policy ([Administrative Notice Number 2022-02: Disencumbrance Policy](#)). Sponsors must demonstrate that all permanent financing is in place allowing the project to commence construction. Failure to meet this requirement shall result in the withdrawal or recapture of this Conditional Award and any other prior or subsequent funds awarded to the Project.

Congratulations on your successful Application. For further information, please contact Sherri Kerth, IIG Program Manager, Program Design and Implementation Branch, at (916) 841-6712 or sherri.kerth@hcd.ca.gov.

Sincerely,



Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Enclosure: Acceptance of Terms and Conditions of Conditional Award form

California Department of Housing and Community Development

**Infill Infrastructure Grant Program, Round 12
Notice of Funding Availability**

Acceptance of Terms and Conditions of Conditional Award

Brinshore Development, L.L.C and Housing Authority of the City of Eureka
("Awardees")
HACE (Green Phase) ("Project")

Infill Infrastructure Grant Program NOFA award totaling \$2,402,000 ("Conditional Award"), as detailed below:

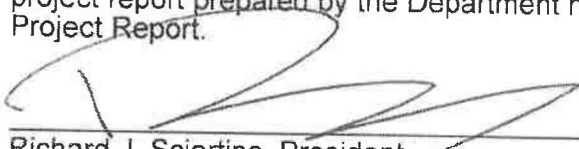
Program	Award Amount	Contract Number
Infill Infrastructure Grant (IIG) Program	\$2,402,000	23-IIGSJN-18268

By signing this Acceptance of Terms and Conditions of Conditional Award, the Awardee acknowledges having read and fully understood the terms and conditions of the Conditional Award Commitment, dated April 5, 2024, in connection with the Project.

Infill Infrastructure Grant (IIG), Round 12, NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases. During the embargo period, the conditional award letter may be submitted in applications to California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC).

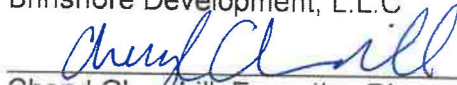
In addition, the Awardee acknowledges having read and fully understood all of the Department's requirements relative to the Conditional Award, including the requirements set forth in Administrative Notice Number 2022-22: Disencumbrance Policy, and the Awardee agrees to abide by and comply with those requirements.

In addition, the Awardee acknowledges that it has reviewed and verified the accuracy of the project report prepared by the Department no later than 7 business days of receipt of the Project Report.



Richard J. Sciortino, President
Brinshore Development, L.L.C

4/18/24
Date



Cheryl Churchill, Executive Director
Housing Authority of the City of Eureka

4/18/2024
Date

**** For HCD Use Only ****

Authorized Representatives Verified
 All Parties Signed
Date Received: _____

June 24, 2024

Clark I LP
735 W. Everding St.
Eureka, CA 95503

RE: Blue Phase – IIG Commitment

Dear Clark I LP,

Blue Phase was awarded \$2,103,700 from the Infill Infrastructure Grant (IIG) Program. Brinshore Development, L.L.C and Housing Authority of the City of Eureka (HACE) hereby commit the full IIG award of \$2,103,700 to Clark I LP.

Please find the IIG commitment letter enclosed with the following notes:

- The IIG award letter refers to the project as "HACE (Blue Phase)"
 - To remain consistent with other project documents, we are submitting the TCAC application with the project name of just "Blue Phase", rather than "HACE (Blue Phase)". Both names represent the proposed project at 1115 Clark Street.
- The IIG award letter is addressed to Brinshore Development, L.L.C. and Housing Authority of the City of Eureka (HACE). At time of IIG application, Clark I LP ("TCAC applicant"), was not yet formed.
- Organizational charts for Clark I LP, EHDC and HACE are enclosed. Please note:
 - Clark I AGP LLC, a special purpose entity (SPE) of **Brinshore Development L.L.C.** , will serve as the TCAC applicant's Administrative General Partner.
 - Clark I MGP LLC, a special purpose entity (SPE) of Eureka Housing Development Corporation (EHDC), will serve as the TCAC applicant's Managing General Partner. EHDC is a non-profit instrumentality of **Housing Authority of the City of Eureka (HACE)**, and the two entities share an office and staff members.
 - HACE will serve as ground lessor, property management agent and will contribute tenant services at no cost to the project.

Sincerely,


Brinshore Development, L.L.C.,
an Illinois limited liability company,
its sole member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
its managing member

By: Richard Sciortino
Name: Richard J. Sciortino
Title: President

Housing Authority of the City of Eureka, a public body, corporate and politic

By:



Cheryl Churchill, Executive Director

Please acknowledge receipt of this letter by signing below.

CLARK I LP,
a California limited partnership

By: Clark I AGP LLC,
a California limited liability company,
its administrative general partner

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
its sole member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
its managing member

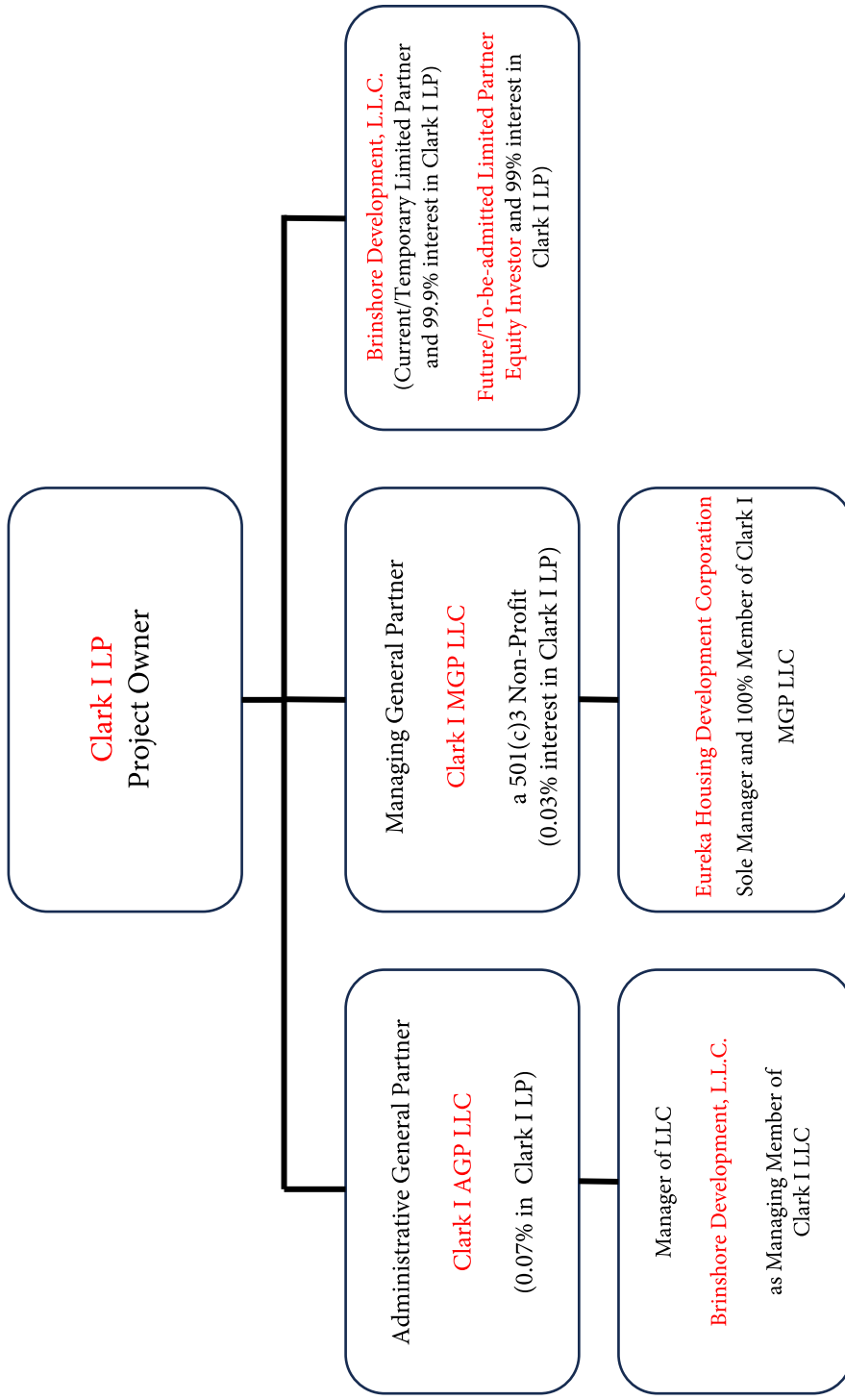
By: Richard Sciortino
Name: Richard J. Sciortino
Title: President

By: Clark I MGP LLC,
a California limited liability company,
its managing general partner

By: Eureka Housing Development Corporation,
a California nonprofit public benefit corporation,
its manager

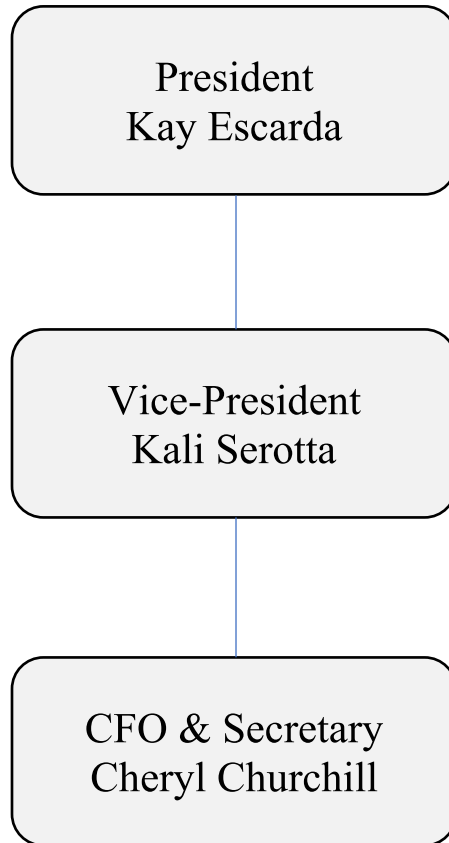
By: Cheryl Churchill
Name: Cheryl Churchill
Title: Chief Financial Officer and Secretary

Blue Phase Organizational Chart



Eureka Housing Development Corporation

Organizational Chart



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE

2020 W. El Camino Avenue, Suite 670, 95833
 P. O. Box 952054
 Sacramento, CA 94252-2054
 (916) 263-2771
www.hcd.ca.gov



April 5, 2024

Richard J. Sciortino, President
 Brinshore Development, L.L.C
 1603 Orrington Avenue
 Evanston, IL 60201

Cheryl Churchill, Executive Director
 Housing Authority of the City of Eureka
 735 West Everding Street
 Eureka, CA 95503

Dear Richard J. Sciortino and Cheryl Churchill:

**RE: Conditional Award Commitment and Acceptance of Terms and Conditions
 Infill Infrastructure Grant Program, Round 12, 2023 Notice of Funding Availability for
 Qualifying Infill Project Small Jurisdiction Set Aside, Fiscal Year 2023/2024
 Brinshore Development, L.L.C and Housing Authority of the City of Eureka –
 HACE (Blue Phase)
 Contract No. 23-IIGSJM-18266**

The California Department of Housing and Community Development (“**Department**” or “**HCD**”) issued an Infill Infrastructure Grant Program of 2019 (IIG 2019), Round 12, Notice of Funding Availability on August 31, 2023. The Department is now pleased to inform you of this conditional award to Brinshore Development, L.L.C and Housing Authority of the City of Eureka (“**Awardees**”). This conditional award is a grant in the amount of \$2,103,700 (the “**Conditional Award**”) for the above-referenced project (the “**Project**”) and includes the following:

Program	Award Amount	Contract Number
Infill Infrastructure Grant (IIG) Program	\$2,103,700	23-IIGSJM-18266

Infill Infrastructure Grant Program (IIG), Round 12, NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases. During the embargo period, this conditional award letter may be submitted in applications to California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC).

The Conditional Award is based on and subject to the Applicant Representations and the Terms and Conditions of Conditional Award, both as further specified and described in this notice of the Conditional Award (the “**Conditional Award Commitment**”). This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department (an executed copy of this form is enclosed herein).

I. Applicant Representations – Basis of Conditional Award

In response to the above-mentioned NOFA, the Awardee(s) submitted an application for [financing] [grant funding] of the Project (that application, and all communications and documentation submitted to the Department in support thereof, the “**Application**”).

The Department is making this Conditional Award to the Awardee(s) on the basis of, and in reliance upon, the representations, warranties, projections, and descriptions that the Awardee(s) submitted as part of the Application (the “**Applicant Representations**”).

The Department may rescind this Conditional Award if the Department discovers, at any time prior to disbursement of the Conditional Award, that the Applicant Representations included material misrepresentations or omissions, regardless of whether or not such misrepresentations or omissions were innocent, unintentional, and/or based upon belief.

II. Terms and Conditions of Conditional Award

TIME IS OF THE ESSENCE IN THE SATISFACTION OF THESE TERMS AND CONDITIONS OF CONDITIONAL AWARD.

The Department may rescind this Conditional Award if any of the terms and conditions enumerated in this Section II (the “**Terms and Conditions of Conditional Award**”) are not timely satisfied. The Terms and Conditions of this Conditional Award and their corresponding timelines are described below.

If the Terms and Conditions of this Conditional Award are timely satisfied, the Department will **(i)** promptly provide a written notification to the Awardee(s) via electronic mail; and **(ii)** circulate an executed copy of an STD 213, Standard Agreement, for all appropriate signatures and approvals in accordance with the timeline specified in Section III of this Conditional Award Commitment.

All timelines shall be calculated in calendar days. Any deadline falling on a weekend or State of California holiday shall be extended to the next business day.

A. Timely Execution of Acceptance of Terms and Conditions of Conditional Award Form

The Awardee(s) shall execute and deliver a copy of the enclosed Acceptance of Terms and Conditions of Conditional Award to the Department within ten (10) calendar days of the date of this Conditional Award Commitment. The Department will deem this condition to be unsatisfied if it receives an executed Acceptance of Terms and Conditions of Conditional Award that has been substantively modified, altered, or amended in any way. The signed Acceptance of Terms and Conditions of Conditional Award form must be submitted to infill@hcd.ca.gov.

B. Timely Delivery of Authorization and Organizational Documents

If not provided at the time of application, the Awardee(s) shall deliver to the Department, within sixty (60) calendar days of the date upon this Conditional Award Commitment, a legally sufficient set of Authorization and Organizational Documents, as further described and specified below. Specifically, the Awardee(s) shall deliver a duly adopted authorizing resolution, as well as a complete and duly filed or adopted set of organizational documents and all amendments (the “**Authorization and Organizational Documents**”), for each of the following entities as applicable:

- each Awardee entity; the ultimate borrower of the Conditional Award funds (the “**Borrower**”); and,
- each separate legal entity that is part of the Awardee’s or Borrower’s organizational structure.

Each entity’s resolution must constitute, to the Department’s reasonable satisfaction, an unconditional, duly adopted, and legally binding authorization of the entity to accept the total amount of these Conditional Award funds, to fully participate in the relevant Department program, and to be legally bound by the requirements of the Department program. The Department may agree to an extension of fifteen (15) calendar days based on the Awardee’s demonstration of necessity.

Note: Local Public Entities, as defined in the above-mentioned NOFA and/or Final Program Guidelines, are not required to submit a complete and duly filed or adopted set of organizational documents and amendments. Both the Conditional Award and this Conditional Award Commitment are subject to Health and Safety Code section 50406, subdivision (p), as subsequently amended (“**AB 1010**”).

The Department has posted resolution templates on its website as informational guidance. Please note that use of the resolution templates is not compulsory. However, use of the provided templates will assist in the timely review and approval of the Standard Agreement. While entities may choose to use modified language in their resolutions, Sponsors should be aware that this may delay preparation of the Standard Agreement or, if deemed insufficient, may result in the need to submit a revised resolution.

At any point prior to disbursement, the Department may also require the Awardee(s) to resubmit Authorization and Organizational Documents if the original submittals were determined to be inaccurate or incomplete.

III. Delivery of Standard Agreement

In an effort to be responsive to each Awardee's closing needs and to ensure timely commitment of funds, the Department commits to delivering an executed copy of the Standard Agreement relative to this Conditional Award within ninety (90) calendar days of receiving all required documents, including all legally sufficient Authorization and Organizational Documents, in connection with this Project and as applicable.

In the coming weeks, your contract will be assigned to a Single Point of Contact (SPOC) which will serve as your contact for any and all inquiries related to the development and execution of the Standard Agreement. If this project has previously received funding from HCD, this new award will be referred to the same contact as your previous award so as to minimize the points of contact from within HCD. You will receive an email from your SPOC within 48 hours of receipt of your signed Acceptance of Terms and Conditions of Conditional Award.

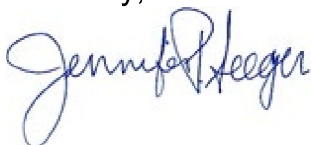
Among the responsibilities of the SPOC will be to maintain contact throughout the next several months as you work to secure all necessary funding sources to begin construction. Your SPOC will be reaching out to you monthly to inquire on status and progress. In the meantime, should you have any changes to the status or make up of your project we ask that you communicate these changes as soon as possible to your assigned SPOC.

IV. Deadline to Secure Permanent Financing

Please note, that the Awardee must secure all permanent financing, including tax credits and bond allocations, within 24 months of the date of the first Department funding award to the Project, consistent with the Department's Disencumbrance Policy ([Administrative Notice Number 2022-02: Disencumbrance Policy](#)). Sponsors must demonstrate that all permanent financing is in place allowing the project to commence construction. Failure to meet this requirement shall result in the withdrawal or recapture of this Conditional Award and any other prior or subsequent funds awarded to the Project.

Congratulations on your successful Application. For further information, please contact Sherri Kerth, IIG Program Manager, Program Design and Implementation Branch, at (916) 841-6712 or sherri.kerth@hcd.ca.gov.

Sincerely,



Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Enclosure: Acceptance of Terms and Conditions of Conditional Award form

California Department of Housing and Community Development

**Infill Infrastructure Grant Program, Round 12
Notice of Funding Availability**

Acceptance of Terms and Conditions of Conditional Award

Brinshore Development, L.L.C and Housing Authority of the City of Eureka
("Awardees")
HACE (Blue Phase) ("Project")

Infill Infrastructure Grant Program NOFA award totaling \$2,103,700 ("Conditional Award"), as detailed below:

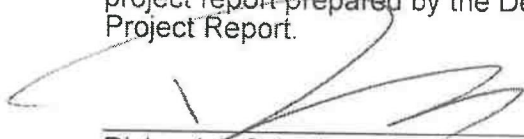
Program	Award Amount	Contract Number
Infill Infrastructure Grant (IIG) Program	\$2,103,700	23-IIGSJM-18266

By signing this Acceptance of Terms and Conditions of Conditional Award, the Awardee acknowledges having read and fully understood the terms and conditions of the Conditional Award Commitment, dated April 5, 2024, in connection with the Project.

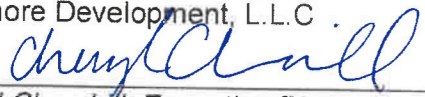
Infill Infrastructure Grant (IIG), Round 12, NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases. During the embargo period, the conditional award letter may be submitted in applications to California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC).

In addition, the Awardee acknowledges having read and fully understood all of the Department's requirements relative to the Conditional Award, including the requirements set forth in Administrative Notice Number 2022-22: Disencumbrance Policy, and the Awardee agrees to abide by and comply with those requirements.

In addition, the Awardee acknowledges that it has reviewed and verified the accuracy of the project report prepared by the Department no later than 7 business days of receipt of the Project Report.


Richard J. Sciortino, President
Brinshore Development, L.L.C

4/18/24
Date


Cheryl Churchill, Executive Director
Housing Authority of the City of Eureka

4/18/2024
Date

**** For HCD Use Only ****

Authorized Representatives Verified
 All Parties Signed
Date Received: _____