

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
SUBJECT: HOUSING AND COMMUNITY SERVICES
SUBMITTAL OF A JOINT APPLICATION TO THE STATE OF
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT'S TRANSIT ORIENTED DEVELOPMENT
GRANT PROGRAM FOR AN AMOUNT NOT TO EXCEED \$5
MILLION FOR A QUALIFIED TRANSIT ORIENTED DESIGN
PROJECT, CARITAS VILLAGE, AND RELATED PROJECT AND
PUBLIC INFRASTRUCTURE IMPROVEMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by resolution, authorize the submittal with Burbank Housing as co-applicants on a joint grant application to the State of California Department of Housing and Community Development's Transit Oriented Development Grant Program in an amount not to exceed \$5 million for a Qualified Transit Oriented Design Project, Caritas Village, and authorize the approval and execution of a Standard Agreement, any amendments thereto and any grant application or administration materials by the City Manager or his designee.

EXECUTIVE SUMMARY

Burbank Housing, with Catholic Charities of the Diocese of Santa Rosa are developing Caritas Village, 128 affordable rental units and the Caritas Center, which will provide a homeless services center, family emergency shelter, and community clinic among other services. Caritas Village is located at A and Morgan Streets and was approved by the City Council on March 3, 2020. To assist in the financing of Phase I of Caritas Homes, 64-unit rental units, and Caritas Center (Project), Burbank Housing (Developer) is requesting that the City submit a joint application to the California Department of Housing and Community Development's (HCD) Transit Oriented Development (TOD) Grant Program for up to \$5 million for infrastructure associated with the Project. Staff also recommends that the Council authorize the City Manager or his designee to execute any necessary Standard Agreement, amendments thereto or other documents

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necessary to apply for and administer the grant, subject to approval as to form by the City Attorney.

BACKGROUND

On March 3, 2020, the Council approved Caritas Village, a 2.78-acre site located at A and Morgan Streets, that will be redeveloped with 128 units affordable rental housing and the Caritas Center, a facility that will provide homeless services center, family emergency shelter, and community clinic.

On April 30, 2020, HCD released the Transit Oriented Development (TOD) Program Notice of Funding Availability (NOFA) for approximately \$141 million. Under the program, low-interest loans are available as gap financing for rental housing developments near transit that include affordable units. In addition, grants are available to Localities and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station. The maximum Program Rental Housing Development Loan amount awarded for a single Housing Development or to a single Applicant, including any affiliates of such Applicant, is \$10 million. The maximum Program Infrastructure Project Grant awarded to a Locality or transit agency Applicant is \$5 million. The total maximum award amount for a single Project is \$15 million.

Burbank Housing and the City of Santa Rosa will be TOD co-applicants and have developed a TOD application that includes the City of Santa Rosa as a grant applicant for Caritas Village and transit related public infrastructure and Burbank Housing as a loan applicant for housing capital improvements required for the development of this TOD targeted housing development.

The TOD project must be within one-quarter mile from a Qualifying Transit Station, measured in a straight line from the nearest boundary of the Housing Development parcel to the outer boundary of the Transit Station site. The TOD project must also be within one-half mile from a Qualifying Transit Station; the qualifying transit stop is on B Street at 5th Street.

As required by HCD's TOD guidelines, the Developer is requesting that the City submit a joint application for up to \$5 million in capital infrastructure improvements and transit amenity improvements associated with the Project. Receipt of the grant funds from HCD will provide funding to the City that does not require repayment and low-interest loan funds to the Developer that contributes to the necessary financing structure of affordable housing, which include low interest loans and limited repayment obligations to accommodate the reduced rents that are received for the life of the affordability covenants.

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PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

The creation of new housing units, including 64 units affordable to households at or below 60% of AMI, as well as a new homeless center, will assist the City in meeting the following goals:

- Meet housing needs – construction of 64 affordable housing units
- Invest in and sustain infrastructure and transportation – construct infrastructure improvements associated with the TOD.

The submittal of the grant application to HCD allows the Developer to compete for resources needed to construct the affordable housing units and homeless center. Funding for affordable housing projects generally includes a combination of tax credits, tax exempt bonds, and funding from other state and local sources. If the application is not submitted, if the City does not authorize being a joint applicant, or if the application is not awarded funds, the project timeline will be delayed, and the developer will be required to seek other financial resources to construct the project.

If the grant funds are awarded, the funds will be distributed as work is completed in the TOD. Program guidelines require that the housing units begin construction within two (2) years of grant award and that construction of the housing units is completed within five (5) years of award. The Developer of the identified housing projects have indicated that they will be able to meet HCD's timeliness requirements.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required. Furthermore, on March 3, 2020, the Council approved Resolution RES-2020-037 certifying the Environmental Impact Report for Caritas Village.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

CONTACT

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