

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES  
MANAGER  
SUBJECT: HOUSING AND COMMUNITY SERVICES DEPARTMENT  
SUBMITTAL OF AN APPLICATION TO THE STATE OF  
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT'S INFILL INFRASTRUCTURE GRANT  
PROGRAM FOR AN AMOUNT NOT TO EXCEED \$30 MILLION  
FOR A QUALIFIED INFILL AREA IN THE DOWNTOWN STATION  
AREA AND ROSELAND AREA

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Department of Housing and Community Services, in conjunction with the Renewal Enterprise District, that the Council, by resolution, authorize the submittal of a grant application to the State of California Department of Housing and Community Development's In-fill Infrastructure Grant program in the amount not to exceed \$30 million for a Qualified Infill Area identified as the Santa Rosa Infill Infrastructure Qualifying Area and authorize the approval and execution of a Standard Agreement and any amendments thereto.

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EXECUTIVE SUMMARY

The Renewal Enterprise District (RED) has prepared an application to the California Department of Housing and Community Development's (HCD) Infill Infrastructure Grant (IIG) Program for up to \$30 million in infrastructure associated with a Qualified Infill Area (QIA) known as the "Santa Rosa – Infill Infrastructure Qualifying Area." The QIA incorporates a portion of the Downtown Station Area and the Roseland Area Specific Plans. The IIG funds for capital improvements are necessary for the development of housing units within the QIA; the QIA's identified units must include at least 15% of the units as affordable through regulatory restrictions.

BACKGROUND

In October 2019, HCD released the Infill Infrastructure Grant (IIG) Program Notice of Funding Availability (NOFA) for approximately \$194 million; IIG Guidelines require the

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applicant to be either a city, county or public housing authority or a developer applying jointly with a city, county or public housing authority with jurisdiction of the area. The RED has developed an application for a QIA that incorporates a portion of the Downtown Station Area and Roseland Area Specific Plans.

As required by the IIG NOFA, the proposed QIA incorporates several proposed housing developments that will incorporate at least 15% affordable units for a minimum of 55 years. Awarded funds are used to pay the costs of the infrastructure associated with the units. The projects that are included in the QIA are:

	<b>Total Units</b>	<b>Market Rate Units</b>	<b>Affordable Units</b>
Roseland Village	175	100	75
80 College Avenue	58	0	58
420 Mendocino Avenue	116	116	0
	<b>349</b>	<b>216</b>	<b>133</b>

HCD's IIG guidelines require the City to submit the application for up to \$30 million in capital infrastructure improvements associated with the QIA, as the City has jurisdiction over the development sites. Receipt of the grant funds from HCD will provide funding that does not require repayment and contributes to the financing for the projects identified in the QIA.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Pursuing this grant opportunity and being awarded up to \$30 million in IIG funds will assist with the construction of infrastructure associated with over 340 new housing units, including 133 units affordable to households at or below 60% of AMI, and will assist the City in meeting the following goals:

- Meet housing needs – construction of up over 340 housing units; and
- Invest in and sustain infrastructure and transportation – construct infrastructure improvements associated with the QIA.

The submittal of the grant application to HCD allows the City to compete for resources needed to construct the infrastructure that benefits market rate and affordable housing units. Application points are directly associated with the number of units that are restricted by a legally binding agreement and set rents at or below 30% of the identified

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income level. If the application is not submitted or if the application is not awarded funds, the timelines for the identified residential developments may be delayed, and the developers may be required to seek other financial resources to construct the projects.

If the grant funds are awarded, the funds will be distributed as work is completed in the QIA. 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 developers of the identified housing projects have indicated that they will be able to meet HCD's timeliness requirements. The City will not be held liable for the construction and continued operation of the housing units.

Participating in the IIG grant application allows the City, if funding is awarded, to execute grant agreements and submit invoice requests directly to the State without having to utilize the developer as a pass-through administrator. To file an IIG grant application, the State requires the submittal of a resolution from the jurisdiction's governing body designating an authorized person to file the application and any required documents to allow for award of funds, and to execute a State of California Standard Agreement. The Standard Agreement is developed in collaboration with grantees following award of an AHSC grant based on the template provided in Attachment 2.

Should the application be awarded funding, the Housing and Community Services Department will return to the Council for review and approval of the Standard Agreement, and will develop an agreement with the housing developers to cross-indemnify the parties relative to the joint and several liability provision.

#### 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. Any future projects will be subject to environmental review at such time that it is initiated.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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GRANT FOR AN AMOUNT NOT TO EXCEED \$30 MILLION FOR A QUALIFIED  
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NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Qualified Infill Area Map
- Attachment 2 – California State Agreement Template
- Resolution

CONTACT

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