

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: NICOLE RATHBUN, PROGRAM SPECIALIST II
HOUSING AND COMMUNITY SERVICES
SUBJECT: APPROVAL OF AN EXCLUSIVE NEGOTIATION AGREEMENT
WITH FREEBIRD DEVELOPMENT COMPANY, LLC AND ALLIED
HOUSING, INC. FOR THE POTENTIAL LEASE AND
DEVELOPMENT OF THE FORMER BENNETT VALLEY SENIOR
CENTER COMPLEX, LOCATED AT 702 BENNETT VALLEY
ROAD, SUBJECT TO APPROVAL OF A DISPOSITION AND
DEVELOPMENT AGREEMENT FOR THE PROJECT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department and Real Estate Services that the Council, by resolution; 1) approve an Exclusive Negotiation Agreement with Freebird Development Company, LLC and Allied Housing, Inc., the developer selected by Council in September 2019, for the potential lease and development of the former Bennett Valley Senior Center Complex at 702 Bennett Valley Road, subject to approval of a Disposition and Development Agreement for the project; 2) authorize the City Manager to execute the Exclusive Negotiation Agreement; and 3) direct staff to initiate negotiations to enter into a Disposition and Development Agreement for the site.

EXECUTIVE SUMMARY

Housing production is one of the top City Council goals as Santa Rosa continues to address the local housing shortage and continuing need for affordable housing. In conjunction with a desire to repurpose underutilized City-owned facilities, Council directed staff to explore repurposing of the former Bennett Valley Senior Center Complex for affordable housing and/or permanent supportive housing. A Request for Qualifications and Proposals seeking developer proposals for the site was published in summer 2019. On September 24, 2019, Council selected the proposal submitted by Freebird Development, LLC and Allied Housing, Inc. (Developer) and directed staff to begin negotiations to enter into an Exclusive Negotiation Agreement (ENA) with the Developer. Staff have collaborated with the Developer to reach mutually agreed upon terms for the ENA and is now seeking Council's approval of the ENA, authorization for

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the City Manager to execute the ENA, and direction to begin negotiations to enter into a Development Disposition Agreement (DDA).

BACKGROUND

In February 2019, Council directed staff to explore alternative options for utilization of the former Bennett Valley Senior Center Complex, including development of permanent supportive and affordable housing. A solicitation for proposals to transform the site into affordable housing and/or permanent supportive housing was released in May 2019. The solicitation focused on developer financial capacity, quality development and property management experience with income-restricted multifamily rental units, and a conceptual proposal with an efficient project timeline that would create the most affordable units at the deepest level of affordability. The solicitation also requested developers to submit a community engagement plan.

An Ad-Hoc Evaluation Committee, comprised of Mayor Schwedhelm, Councilmember Sawyer, Housing Authority Chair Burke, and Housing Authority Commissioner Owen, recommended that Council select the conceptual proposal submitted by Freebird Development Company, LLC and Allied Housing, Inc. The proposal included a development concept that incorporated the neighborhood priorities, provided an unmatched depth of affordability, identified approximately half of the units for permanent supportive housing, and included varied unit sizes to meet Santa Rosa's housing needs. The Council approved the proposal on September 24, 2019 and directed staff to begin negotiations to enter into an ENA with the Developer.

Collaboration between staff and the Developer has resulted in the mutually agreed-upon terms set forth in the draft ENA, included as Attachment 1.

PRIOR CITY COUNCIL REVIEW

On February 12, 2019, Council supported the long-term utilization of the site for affordable housing and/or permanent supportive housing.

On September 24, 2019, the City Council, by Resolution No. RES-2019-148, selected the proposal submitted by Freebird Development Company, LLC and Allied Housing, Inc. and directed staff to initiate negotiations to enter into an Exclusive Negotiation Agreement.

ANALYSIS

The Developer, a collaboration between Freebird Development Company, LLC and Allied Housing, Inc., wishes to enter into an ENA with the City for potential lease and development of the former Bennett Valley Senior Center Complex for affordable and permanent supportive housing. The ENA will allow City staff to negotiate with the

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Developer with the intent to bring forward a DDA to develop the site as a multifamily rental housing development. The negotiation process will address all requisite environmental review and entitlements necessary for the conceptual proposed project which is anticipated to include up to sixty-two (62) affordable housing units, with approximately half of the units as permanent supportive housing units made available for formerly homeless individuals and families through the current county-wide Coordinated Entry framework.

The initial period of the ENA is one (1) year, commencing on the effective date, with an extension option in the discretion of the City Manager based on progress of the negotiations. During this time, the negotiations will cover the configuration and design of a mutually acceptable affordable housing project, including the total number of affordable housing and permanent supportive housing units, the management of the units, and other community benefitting uses.

The initial period of the ENA allows sufficient time for the Developer to secure alternate funding sources, some of which are only offered annually. Affordable housing developments differ from market rate developments in their financial structure. During the ENA term, funding must be secured from various sources such as tax credit equity and funding programs which are administered by the State of California and the City of Santa Rosa's Housing Authority. Due to the limited funding available, and infrequent application period for funding, an initial one-year ENA term is appropriate.

In addition, the ENA period will be used to prepare a mutually acceptable DDA for consideration and action by the Council, as well as address the necessary discretionary actions and entitlements for the proposed project and schedule. The DDA will require final approval by the Santa Rosa City Council.

FISCAL IMPACT

There is no fiscal impact to the general fund by approving an exclusive negotiation agreement.

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.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A (Agreement)

CONTACT

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