

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING A CONDITIONAL RESERVATION OF AFFORDABLE HOUSING INCENTIVE FUND PILOT PROGRAM FUNDING IN THE AMOUNT OF \$1,134,552 TO CAMPUS PROPERTIES, LLC, TO PROVIDE FUNDING FOR PUBLIC INFRASTRUCTURE IMPROVEMENTS TO FACILITATE THE DEVELOPMENT OF SIX MODERATE INCOME AND 19 MARKET RATE OWNERSHIP HOMES, LOCATED AT 746 ACACIA LANE (APN 182-520-050)

WHEREAS, the City of Santa Rosa (the “City”) faces a significant housing shortage, particularly housing available for moderate-income and lower income families; and

WHEREAS, to increase housing production, the Council unanimously accepted a Housing Action Plan with a goal of Housing for All on June 7, 2016; and

WHEREAS, as an early step in implementing the Housing Action Plan, the Council adopted Resolution No. 28878 on November 1, 2016, approving and initiating an Affordable Housing Incentive Fund Pilot Program (“AHIFPP”), funded with \$3 million from General Fund Reserves; and

WHEREAS, the AHIFPP objective is to incentivize the production or preservation of the most affordable housing in the shortest timeframe, utilizing the least amount of funds, targeted to the lowest income level for the longest time period; and

WHEREAS, the City issued a Notice of Funding Availability on November 17, 2016, announcing the availability of \$3 million of AHIFPP funds; and

WHEREAS, the City received eight applications seeking all or part of the \$3 million on or before the deadline of December 22, 2016, for a total request of over \$16 million to assist with the development or rehabilitation of 325 units; and

WHEREAS, funding recommendations were made by a review team consisting of Vice-Mayor Tibbetts, Councilmember Rogers and staff from the Housing and Community Services Department, Planning and Economic Development Department, and the City Attorney’s Office; and

WHEREAS, Campus Properties, LLC, (the “Developer”) proposes to develop Acacia Village, located at 746 Acacia Lane (APN 182-520-050) (the “Property”), with 25 ownership homes, of which six will be affordable to moderate-income households (up to 120% of area median income) and 19 will be available at market rate prices (the “Project”); and

WHEREAS, as an incentive to construct the Project, the Developer requests AHIFPP funding as a grant or forgivable loan toward the total cost of designing and constructing needed off-site public improvements adjacent to Acacia Village with implementation by the City of Santa Rosa; and

WHEREAS, the review team recommends AHIFPP funding for those off-site public improvements in the amount of \$1,134,552 (the “Acacia AHIFPP Funding”); and

WHEREAS, Acacia AHIFPP Funding meets Housing Action Plan Program 1 objective that encourages on-site inclusionary development of affordable for-sale homes and suggests that the City offer financial incentives to market rate developers for including affordable housing in their housing projects; and

WHEREAS, the sale price for the moderate-income homes are consistent with the maximum sales prices for moderate-income households in the Housing Action Plan; and

WHEREAS, the Project is consistent with General Plan 2035 Housing Element Policies H-A-2, H-C-8, H-C-12 and H-C-13; and

WHEREAS, environmental review pursuant to the California Environmental Quality Act (“CEQA”) has not been completed, and, funding under this Resolution shall be conditional, subject to completion of environmental review in accordance with CEQA and demonstration, to the satisfaction of the City, that the project, with mitigations as appropriate, will have no significant environmental effects; and

WHEREAS, on May 23, 2016, the City Council considered the recommendations of the application review team, the staff report, presentation, comments from the public and applicants.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby approves a reservation of AHIFPP funds for use as either, at the discretion of the Housing and Community Services Director, a grant or a zero percent (0%) interest forgivable loan in the amount of \$1,134,552 to assist with costs of designing, constructing and related activities off-site public infrastructure needed for the Project (the “Public Infrastructure Improvements”), subject to the fulfillment of each condition listed below:

- 1) Completion and approval of environmental review under CEQA and demonstration, to the satisfaction of the City, that the project, with mitigations as appropriate, will have no significant environmental effects;
- 2) Securing all development entitlements;
- 3) Providing evidence satisfactory to the City, that the applicant has all necessary funding to construct the project;
- 4) The Developer shall commence construction of the Project no later than September 30, 2018, unless that time is extended by the Housing and Community Services Director;
- 5) If the Developer does not complete the Project by September 30, 2019, unless that date is extended by the Housing and Community Services Director, the Developer shall at the sole discretion of the City, reimburse the City for all costs incurred or irrevocably committed by the City;
- 6) The affordable units shall be restricted by recorded resale restriction agreements, option agreements and notice(s) of affordability restriction. Resale restriction agreements between the homeowner and the City and between the homeowner and the Developer (or designated third party) shall require the affordable units to be owner occupied, restrict income eligibility of future owners, and secure the affordability of the units for a term of 30 years (in the case of the City’s agreement) and 55 years (in the case of the Developer’s agreement). Option agreements between the homeowner and the City and between the homeowner and the Developer shall provide the City and the Developer (or designated third party) an option to purchase the home and/or identify another income-eligible buyer upon resale for a term of 30 years (in the case of the City’s agreement) and 55 years (in the case of the Developer’s agreement); and

- 7) The Developer and the City shall enter into an agreement regarding the Acacia AHIFPP Funding and the Public Infrastructure Improvements (the "Funding Agreement"). The Funding Agreement may include, but shall not be limited to, terms, roles and responsibilities of the parties to the satisfaction of all participating City departments.

BE IT FURTHER RESOLVED that the Council hereby authorizes the Housing and Community Services Director or his designee, and other participating department heads, as needed, or their designees, to execute the Funding Agreement on behalf of the City in a form approved by the City Attorney.

BE IT FURTHER RESOLVED that the Council hereby approves subordination of City AHIFPP funds to senior financing using a standard form subordination agreement, and the Housing and Community Services Director is authorized to execute subordination agreements if required by other lenders.

BE IT FURTHER RESOLVED that the Council hereby authorizes the Housing and Community Services Director or his designee to execute all other agreements with the Developer consistent with this Resolution, including but not limited to a loan agreement, regulatory agreement, resale restriction agreements, option agreements, reconveyances and release agreements, subordination agreements, assignment and assumption agreements and/or other agreements and notices in a form approved by the City Attorney.

BE IT FURTHER RESOLVED that the Council hereby authorizes the Chief Financial Officer to pay all claims in an amount not to exceed \$1,134,552, subject to the fulfillment of all the conditions set forth above, from the following Key Number (or as otherwise determined by the City Manager or his designee).

| Fund | Key | Source | Amount |
|---------------------|------------|------------------------|--------------------|
| 2130 | 42122 | Operating Reserve Fund | \$1,134,552 |
| Total Amount | | | \$1,134,552 |

IN COUNCIL DULY PASSED this 23rd day of May, 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
City Clerk

APPROVED: _____
Mayor

APPROVED AS TO FORM:

City Attorney