

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: REQUEST FROM THE SANTA ROSA CITY SCHOOL DISTRICT
TO AMEND THE FIR RIDGE HOLDING AGREEMENT TO
EXTEND THE DEADLINE FROM JUNE 30, 2015, TO JUNE 30,
2017, FOR THE SCHOOL DISTRICT TO BEGIN
CONSTRUCTION OF AFFORDABLE HOUSING ON FIR RIDGE
DRIVE (APN 173-620-030)
STAFF PRESENTER: MARJORIE JACKSON, PROGRAM SPECIALIST
ECONOMIC DEVELOPMENT AND HOUSING
AGENDA ACTION: RESOLUTION

ISSUE(S)

Shall the Council approve the Santa Rosa City School District's request to extend the deadline from June 30, 2015, to June 30, 2017, for the School District to begin construction of affordable housing for School District employees of low or moderate income on Fir Ridge Drive (APN 173-620-030)?



COUNCIL GOALS/STRATEGIES

Council Goal 5: Improve Partnerships between Neighborhoods, Community Organizations, Schools, and the City to Support and Promote Thriving, Inclusive, and Diverse Neighborhoods.

BACKGROUND

1. When the Fir Ridge North at Fountaingrove Subdivision was approved in 1987, a condition of its development was the dedication of a +/- 7 acre site for development of either an elementary school, or low and/or moderate income housing, pursuant to the Fountaingrove Ranch Planned Community District Policy Statement adopted by the Council in 1981 (Fountaingrove PC Policy).
2. A 6.03 acre site on Fir Ridge Drive was set aside for the purpose and identified as Parcel "F" on the subdivision Final Map recorded in June 1988 (Site). The Site is adjacent to Parcel "E" on the Final Map, a neighborhood park site now developed as Fir Ridge Park.
3. In April 1988, the City and Braewood Development Corporation (Braewood) entered into an Agreement that, in lieu of Braewood receiving a fair market value payment for dedication, the Site was exempted from reassessment of the 1983 improvement bonds. The Agreement provided for a Holding Agreement to be recorded in conjunction with the Final Map, which would allow time for the Santa Rosa City School District (School District) to determine whether it wished to acquire the Site for development of an elementary school and to negotiate purchase of the Site from Braewood.

4. The Holding Agreement was subsequently executed by the City and Braewood in May, recorded in August 2, 1988, and included the following terms:
 - Transfer of the Site from Braewood to the City upon recordation of the Final Map.
 - A four-year negotiation period expiring August 1, 1992, for the School District to purchase the Site from Braewood for a maximum price of \$237,000.
 - If the School District did not acquire the Site during the negotiation period, the City was to offer dedication of the Site to the School District, which would have until August 1, 1993, to accept the dedication offer, subject to Braewood's right to bring action to seek higher compensation.
 - If the School District did acquire the Site during the negotiation period, it would then have until August 1, 1998, 10 years after the date of the Holding Agreement, to begin construction of a school, or determine that the Site is not needed for school purposes.
 - If the School District did not acquire the Site and begin construction of a school by the 1998 deadline, the City would have the right to use the Site for low or moderate income housing, provided that the City or one of its agencies entered into a binding agreement within five years for construction of the affordable housing.
 - Braewood had the right to ultimately recover title to the Site if the City's five-year time period expired without entering into an agreement for construction of affordable housing. Braewood would then have no further liability for dedication of the Site and would be permitted to use the Site for an alternative use compatible with the abutting residential uses as provided by the Fountaingrove PC Policy.
5. Following is a timeline of Holding Agreement Amendments approved by the Council, and other events, 1992 to present:

1992 – 1993

- Amendment No. 1: two-month extension to September 30, 1992, of the negotiation period between Braewood and the School District.
- Amendment No. 2: one-month extension to August 31, 1993, for School District acceptance of a dedication offer by the City.

The School District timely requested and accepted the City's dedication offer, and then had until August 1, 1998, to begin school construction.

1995

The School District acquired Braewood's remaining rights and interest in the Site for a price of \$190,000. The title was transferred January 18, 1995, and the School District became successor-in-interest of Braewood and party to the Holding Agreement with the City.

1998

- Amendment No. 3: five-year extension to August 2, 2003, for construction of a school on the Site.

2003 – 2004

- Amendment No. 4: extension to September 2, 2003, for notification by the School District of intent to build either a school, or housing for School District employees of low or moderate income. A one-year extension to September 2, 2004, to either begin school construction or to obtain approvals necessary to begin and complete housing construction, with an additional eight months to May 2, 2005, to begin housing construction. Time extensions for completion of a new or updated environmental impact report if required to undertake construction of either a school or housing, and for the duration of any litigation filed concerning the type of development selected by the School District.

School District timely notified the City of its intention to build affordable housing for School District employees on the Site.

August 2004: Development applications submitted by School District to the Community Development Department (CD). Request to extend Holding Agreement timeline for land use approvals.

December 2004: Tentative Map, Conditional Use Permit and Hillside Development Permit approved by Planning Commission.

2005

- Amendment No. 5: extensions to June 30, 2005, to obtain land use approvals and to June 30, 2006 for commencement of affordable housing construction.

April 2005: Preliminary Design Review approval. Appeal to Council by Fountaingrove Ranch Master Association (FGRMA).

2006

June 2006: FGRMA appeal withdrawn.

- Amendment No. 6: extension to obtain land use approvals and begin construction by June 30, 2007, due to delay caused by FGRMA action.

December 2006: Final Design Review approval.

2007

- Amendment No. 7: extension to June 30, 2008, for land use approvals and begin construction.

July 2007: Tentative Map, Conditional Use Permit and Hillside Development Permit first extension to December 2007 approved by Planning Commission.

September 2007: Board of Education approved a proposal developed by the School District for implementation of an affordable housing project.

2008

March 2008: School District Request for Proposals (RFP) for the School District's "Fir Ridge Workforce Housing Project" program to provide 36 for-sale condominiums for School District employees of low or moderate income.

- Amendment No. 8: extension to June 30, 2009, for land use approvals and commencement of construction.

August 2008: Tentative Map, Conditional Use Permit, Hillside Development Permit second extension to December 2008 approved by Planning Commission.

October 2008: Board of Education approved selection of Pinnacle Homes as successful respondent to School District's RFP and authorized School District to negotiate a Memorandum of Understanding with Pinnacle.

December 2008: Automatic one-year extension to December 2009 for Tentative Map, Conditional Use Permit and Hillside Development Permit, per SB 1185.

2009

- Amendment No. 9: two-year extension to June 30, 2011, for land use approvals and commencement of construction per School District's request due to the downturn in the housing market.

January 2009: Final Design Review Approved first extension to December 2009 approved by Community Development Department (CD).

December 2009: Automatic two-year extension of Tentative Map, Conditional Use Permit and Hillside Development Permit to December 2011, per AB 333.

2011

- Amendment No. 10: two-year extension to June 30, 2013, for land use approvals and commencement of construction, per School District's request to draft a 10-year development agreement between the City and the School District and present to Council for consideration.

Automatic extension of Tentative Map, Conditional Use Permit, Hillside Development Permit, and Final Design Review Approval to December 2013, per AB 208.

2013

- Amendment No. 11: two-year extension approved by the Council for land use approvals and commencement of construction, per School District's request for additional time to work on a development agreement with the City CD Department. June 30, 2015, is now the current deadline for the School District to begin construction of affordable housing on the Site.

December 2013: Automatic two-year extension of Tentative Map per AB 116, and Conditional Use Permit, Hillside Development Permit, and Final Design Review Approval per City's Aggressive Economic Development measures (Ordinance 3995), to December 9, 2015, which is now the current expiration date of all project approvals.

2015

On April 22, 2015, the Board of Education approved the School District's recommendation that a request be submitted to the City for an additional two-year extension of the Holding Agreement to June 30, 2017. A formal letter of request from the School District was received April 30, 2015.

ANALYSIS

1. As stated above, the School District's current deadlines for the Site are as follows:

- June 30, 2015: Begin construction of affordable housing.

If the construction commencement deadline is not met, Site ownership reverts to the City for construction of affordable housing.

- December 9, 2015: Tentative Map and companion project approvals expire.

CD staff has confirmed that two additional 12-month time extensions are possible under current City regulations (Zoning Code Section 20-54.050 B.), which could theoretically extend the life of the current project approvals to December 9, 2017.

An extension application must be submitted to the CD Department by November 9, 2015, 30 days prior to expiration, for consideration by the Director of CD, otherwise the project approvals automatically expire. If the project approvals expire, no development could proceed on the Site unless new applications are submitted to the CD Department for review and approval by the appropriate boards (e.g., Planning Commission, Design Review Board).

2. Since the time that Amendments No. 10 and 11 were approved by the Council in 2011 and 2013, the City has not received a proposed development agreement from the School District, as was provided for in those Amendments.
3. The School District's letter of request for a time extension does not state a reason. School District staff has conveyed to City staff that they have no definitive plans, but that with the recovering economy, change in School District leadership, and the possibility of increased financial resources, they require additional time to develop a plan of action and implementation for the Site.

4. One option that the Council has at this time is to deny the School District's request for a time extension, resulting in expiration of the School District's deadline to begin construction of affordable housing on the Site. An Amendment to the Holding Agreement would not be necessary. The current terms of the Holding Agreement, as previously amended, would remain as follows:
 - Site ownership would revert to the City.
 - The City or one of its agencies (e.g., the Housing Authority) would have five years to enter into a contract for the construction of low or moderate housing on the Site.
 - If the City does not meet its five-year timeline, the Site would revert back to the School District. The School District would no longer be required to build affordable housing and could develop the Site with any alternative use compatible with the adjacent residential uses as provided by the Fountaingrove PC Policy.
5. Should the Council choose to approve the School District's request for a two-year time extension to begin construction on the Site, it is recommended by Economic Development and Housing (EDH) staff that approval be contingent on certain milestones being achieved during the two-year time period, with the deadline automatically expiring upon default of a milestone, even if prior to the two-year timeline.

Milestones recommended by EDH staff are as follows:

- November 9, 2015: Applications submitted to CD for a 12-month time extension to the project approvals.
 - June 30, 2016: Fully executed contract with a developer, and a funding plan in place, for construction of affordable housing on the Site.
 - November 9, 2016: If needed, submit applications to CD for a final 12-month extension to the project approvals.
 - June 30, 2017: Construction start.
6. A two-year extension and the above milestones have been incorporated into a Resolution and the attached draft Amendment No. 12.

RECOMMENDATION

If the Council decides to approve the Santa Rosa City School District's request to extend the deadline from June 30, 2015, to June 30, 2017, for the School District to begin construction of affordable housing for School District employees of low or moderate income on Fir Ridge Drive (APN 173-620-030), it is recommended by the Department of Economic Development and Housing that the Council, by resolution, approve a two-year extension contingent on achievement of certain milestones, and authorize execution of Amendment No. 12 to the Fir Ridge Holding Agreement.

REQUEST FROM THE SANTA ROSA CITY SCHOOL DISTRICT TO AMEND THE FIR RIDGE HOLDING AGREEMENT TO EXTEND THE DEADLINE FROM JUNE 30, 2015, TO JUNE 30, 2017, FOR THE SCHOOL DISTRICT TO BEGIN CONSTRUCTION OF AFFORDABLE HOUSING ON FIR RIDGE DRIVE (APN 173-620-030)
Page 7

Author: Marjorie Jackson

Attachments:

Attachment 1 - Site Map

Attachment 2 - Letter of request from School District

Attachment 3 - Draft Amendment No. 12