

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: MEGAN BASINGER, INTERIM DIRECTOR
HOUSING AND COMMUNITY SERVICES DEPARTMENT

SUBJECT: AUTHORIZATION FOR THE CITY OF SANTA ROSA TO BECOME AN
ADDITIONAL MEMBER OF THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) - COMMUNITY
IMPROVEMENT AUTHORITY, APPROVING ISSUANCE OF REVENUE
BONDS BY THE CSCDA COMMUNITY IMPROVEMENT AUTHORITY,
AND AUTHORIZATION TO ENTER INTO A PUBLIC BENEFIT
AGREEMENT FOR THE ACQUISITION OF ACACIA ON SANTA ROSA
CREEK APARTMENTS AT 4656 QUIGG DRIVE, SANTA ROSA

AGENDA ACTION: RESOLUTIONS

RECOMMENDATION

It is recommended by the Housing & Community Services Department (HCS) that the Council, by resolution: 1) authorize the City of Santa Rosa to join California Statewide Communities Development Authority – Community Improvement Authority (CSCDA) as an Additional Member; 2) approval of the issuance of revenue bonds by CSCDA Community Improvement Authority for the purpose of financing the acquisition of the Acacia on Santa Rosa Creek Apartments at 4656 Quigg Drive, Santa Rosa, and 3) authorize the Director of HCS to execute the Public Benefit Agreement between the City of Santa Rosa and California Statewide Communities Development Authority – Community Improvement Authority.

EXECUTIVE SUMMARY

Approval of this item will allow the City of Santa Rosa (City) to join CSCDA Community Improvement Authority (Authority) as an Additional Member under Section 12 of the CSCDA Joint Exercise of Powers Agreement (JPA Agreement). The Authority is a statewide Joint Powers Authority that funds community public benefit projects throughout the state and is proposing to acquire the Acacia on Santa Rosa Creek Apartments located at 4656 Quigg Drive, for conversion from market-rate to income and rent restricted rental housing for middle-income households. The Authority is a public agency that will own and operate the Property and is requesting that the City enter into a Public Benefit Agreement (PBA) for the acquisition.

If approved by the Council, the PBA may be exercised by the City, if the City so desires, between years 15 and 30 of the Authority's ownership. The Property will be restricted by a Regulatory Agreement, administered by the Authority, to households earning between 80% and

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120% of Area Median Income (AMI). Support of this acquisition by the City will help address the housing needs of an essential segment of the population that generally does not benefit from the creation of affordable housing units. The acquisition of the Property and entrance into such option agreement does not create a financial liability for the City.

BACKGROUND

1. One of the City's primary goals is meeting the housing needs of its residents by actively supporting housing for all through the protection, preservation, and production of market-rate and affordable housing units.
2. The Authority was formed by the California Statewide Communities Development Authority (CSCDA) created the California League of Cities. CSCDA has over 530 cities, counties, and special districts as members. The Authority is an affiliate of CSCDA to broaden its program offerings and acquire projects through the issuance of tax-exempt governmental purpose bonds.
3. The Authority is proposing to acquire an existing market rate complex, the Acacia on Santa Rosa Creek Apartments, which will be financed with bonds issued by the Authority and generally restricted to households between 80% and 120% of Area Median Income (AMI), referred to as "middle-income" households. The Authority will allow in-place tenants to remain in their units following acquisition. The Authority is not requesting financial investment from the City or the Housing Authority in order to proceed with the acquisition.
4. The bonds utilized to finance the Property will be issued by the Authority, a political subdivision of the State of California that was established under the Joint Exercise of Powers Act to issue bonds throughout California. The City will become an Additional Member for the purpose of securing bonds to finance or refinance future housing projects. Future projects will come before the Council for approval to issue bonds within the City limits.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

1. The Council approved joining CalPFA in September 2018 for the purpose of furthering affordable housing opportunities. In February 2019, the Council approved joining California Community Housing Agency (CalCHA), formed by the Kings County Board of Supervisors, to address the middle-income/workforce housing across the state. CalCHA, through a similar process, acquired the Annadel Apartments in Santa Rosa and converted the complex to middle income housing.

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2. CSCDA, the subject of this request, is a JPA that was formed in 1988; the Community Improvement Authority (Authority), an affiliate JPA, was created in fall 2020 to enable CSCDA to broaden its program offerings by being able to acquire capital projects through the issuance of tax-exempt governmental purpose bonds. Additional Members are non-charter members that can limit the scope of membership solely for the financing or refinancing of specific projects. The Authority is not permitted to issue bonds or notes for any project within the City limits without obtaining permission from the City Council.
3. The acquisition of the Acacia on Santa Rosa Creek Apartments at 4656 Quigg Drive, will increase the supply of affordable housing units in Santa Rosa. The units will be restricted to middle-income households, defined as those earning between 80% and 120% of AMI based on household size. The 277-unit complex is anticipated to have 2 on-site manager(s) units and the remaining units will be restricted with one third at 80%, one third at 100% of AMI, and one third at 120% of AMI.
4. As part of the Authority's acquisition of 4656 Quigg Drive, the City is being requested to enter into a Public Benefit Agreement (PBA) with the Authority that can be exercised 15 years following the acquisition of the Property, for the remaining term of the bonds. This Agreement will allow the City to acquire the Property, if desired, but does not create any obligation to do so. Following the sale of the Property, the City, along with the other taxing agencies (the County and School Districts) will receive a portion of the net sales proceeds.

FISCAL IMPACT

There is no fiscal impact to the City or Housing Authority associated with joining CSCDA or executing the PBA. There will be a loss of property tax revenue due to the Project becoming a public asset and being exempt from property taxes.

ENVIRONMENTAL IMPACT

These actions are exempt from the California Environmental Quality Act (CEQA) because they do not involve projects with potential for resulting in either direct physical changes in the environment, or reasonably foreseeable indirect physical changes in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

N/A

NOTIFICATION

N/A

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ATTACHMENTS

- Attachment 1 – Sample Public Benefit Agreement
- Resolution/Exhibits
 - Exhibit A - Joint Exercise of Powers Agreement
 - Exhibit B – Sample Public Benefit Agreement

CONTACT

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