

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, INTERIM DIRECTOR
HOUSING AND COMMUNITY SERVICES DEPARTMENT
SUBJECT: APPROVAL OF THE ISSUANCE OF REVENUE BONDS BY
CALIFORNIA STATEWIDE COMMUNITY DEVELOPMENT
AUTHORITY COMMUNITY IMPROVEMENT AUTHORITY AND
AUTHORIZATION TO ENTER INTO A PUBLIC BENEFIT
AGREEMENT FOR THE ACQUISITION OF 220-240 BURT
STREET – VINEYARD GARDEN APARTMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution: 1) approve the issuance of revenue bonds by California Statewide Community Development Authority (CSCDA) Community Improvement Authority for the purpose of financing the acquisition of the Vineyard Garden Apartments located at 220-240 Burt Street, Santa Rosa; and 2) authorize the Director of Housing and Community Services to execute the Public Benefit Agreement between the City of Santa Rosa and CSCDA Community Improvement Authority.

EXECUTIVE SUMMARY

Approval of this item will allow the CSCDA - Community Improvement Authority (Authority), a statewide Joint Powers Authority of which the City is a member, to issue bonds for the acquisition of Vineyard Garden Apartments located at 220-240 Burt Street. The transaction will convert the market-rate rental complex into rent restricted housing targeted to "middle income" households, those between 80% and 120% of area median income. The Authority is a public benefit agency that will own and operate the Property and is requesting that the City enter into a Public Benefit Agreement 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 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

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that generally does not benefit from restricted affordable housing units. The acquisition of the Property and entrance into such agreement does not create a financial liability for the City.

BACKGROUND

1. One of the City's primary goals is to meet the housing needs of its residents by actively supporting housing for all through protection, preservation, and production of market rate and affordable housing units.
2. The Authority was formed by CSCDA and CSCDA was created by 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. The City of Santa Rosa approved joining CSCDA on April 27, 2021.
3. The Authority is proposing to acquire an existing market rate complex, Vineyard Garden 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 of the Property. The Authority is not requesting financial investment from the City or the Housing Authority 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 issuance of bonds does not create a financial liability to the City.

PRIOR CITY COUNCIL REVIEW

April 27, 2021, Council approved joining CSCDA as an additional member and authorized the issuance of bonds for the acquisition of Acacia on Santa Rosa Creek Apartments.

ANALYSIS

1. The Council approved joining CalPFA in September 2018 for the purpose of furthering affordable housing opportunities in Santa Rosa. 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. In April 2021, the Council approved joining CSCDA, a JPA that was formed in 1988; 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. In the same item, Council authorize the issuance of bonds for the acquisition of Acacia on Santa Rosa Creek.
3. The acquisition of the Vineyard Garden Apartments at 220-240 Burt Street, 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 180-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 Vineyard Garden Apartments, 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 associated with 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

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

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ATTACHMENTS

- Resolution/Exhibit A (Form of Public Benefit Agreement by and between CSCDA Community Improvement Authority and City)

CONTACT

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