

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, INTERIM DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: SUBMITTAL OF AN APPLICATION TO THE STATE OF
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT'S INFILL INFRASTRUCTURE GRANT
PROGRAM FOR AN AMOUNT NOT TO EXCEED \$30 MILLION
FOR A QUALIFIED INFILL AREA

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services and the Transportation and Public Works Departments, in conjunction with the Renewal Enterprise District, that the Council, by resolution, authorize the submittal of a grant application to the State of California Department of Housing and Community Development's In-fill Infrastructure Grant program in an amount not to exceed \$30 million for a Qualified Infill Area – Downtown Santa Rosa QIA and authorize the approval and execution of a Standard Agreement and any amendments thereto and any other necessary documents related to the grant.

EXECUTIVE SUMMARY

The Renewal Enterprise District (RED), in coordination with City staff, has prepared an application to the California Department of Housing and Community Development's (HCD) Infill Infrastructure Grant (IIG) Program for up to \$30 million in infrastructure associated with a Qualified Infill Area (QIA) known as the "Downtown Santa Rosa – QIA." The QIA incorporates projects located within downtown Santa Rosa. The IIG funds for capital improvements will improve the intersection of Third Street and B Street in Downtown Santa Rosa; the QIA's identified units must include at least 15% of the units as affordable through regulatory restrictions. In addition to authorizing the application for the IIG Program, staff also recommends that Council delegate authority to the Assistant City Manager to execute grant-related documents.

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BACKGROUND

In May 2021, HCD released the Infill Infrastructure Grant (IIG) Program Notice of Funding Availability (NOFA) for approximately \$160 million; IIG Guidelines require the applicant for a QIA to be either a city, county or public housing authority with jurisdiction of the area. The RED, in coordination with City staff, has developed an application for a QIA that incorporates several development projects in downtown Santa Rosa.

As required by the IIG NOFA, the proposed QIA incorporates several proposed housing developments that will incorporate at least 15% affordable units for a minimum of 55 years. Awarded funds are used to pay the costs of the infrastructure associated with the units. The projects that are included in the QIA are:

		Total Units	Market Rate Units	Affordable Units
1	Caritas Phase I	64	0	64
2	Cannery at Railroad Square	129	0	129
3	425 Humboldt	94	94	0
4	1 Santa Rosa	120	116	4
		407	210	197

HCD's IIG guidelines require the City to submit the application for up to \$30 million in capital infrastructure improvements associated with the QIA, as the City has jurisdiction over the development sites. Receipt of the grant funds from HCD will provide funding that does not require repayment and contributes to the financing for the projects identified in the QIA.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Pursuing this grant opportunity and being awarded up to \$30 million in IIG funds will assist with the construction of infrastructure associated with over 400 new housing units, including over 190 units affordable to low-income households, and will assist the City in meeting the following goals:

- Meet housing needs – construction of up over 400 housing units; and
- Invest in and sustain infrastructure and transportation – construct infrastructure improvements associated with the QIA.

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The submittal of the grant application to HCD allows the City to compete for resources needed to construct the infrastructure that benefits market rate and affordable housing units. Application points are directly associated with the number of units that are restricted by a legally binding agreement and set rents at or below 30% of the identified income level. If the application is not submitted or if the application is not awarded funds, the timelines for the identified residential developments may be delayed, and the developers may be required to seek other financial resources to construct the projects.

If the grant funds are awarded, the funds will be distributed as work is completed in the QIA. Program guidelines require that the housing units begin construction within two (2) years of grant award and that construction of the housing units is completed within three (3) years of award. The developers of the identified housing projects have indicated that they will be able to meet HCD's timeliness requirements. The City will not be held liable for the construction and continued operation of the housing units.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

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.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

CONTACT

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