

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
SUBJECT: HOUSING AND COMMUNITY SERVICES
SUBMITTAL OF A JOINT APPLICATION TO THE STATE OF
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT'S INFILL INFRASTRUCTURE GRANT
PROGRAM FOR AN AMOUNT NOT TO EXCEED \$5 MILLION
FOR BURBANK AVENUE APARTMENTS – 1400 BURBANK
AVENUE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by resolution, authorize the submittal of a joint grant application to the State of California Department of Housing and Community Development's In-fill Infrastructure Grant program in the amount not to exceed \$5 million for Burbank Avenue Apartments located at 1400 Burbank Avenue and authorize the approval and execution of a Standard Agreement and any amendments.

EXECUTIVE SUMMARY

SB Land Company (Master Developer) is developing a 14.25-acre site located at 1400 Burbank Avenue with a total of 138 housing units. The development has received Zoning Administrator approval for the Minor Use Permit and is scheduled for Planning Commission on February 13, 2020 to consider the Tentative Map. The proposed Tentative Map would subdivide 14.25 acres into 75 lots, including 62 single-family lots, 12 duplex lots, and 64 multi-family apartments. Waterstone Residential, LLC (in partnership with Burbank Housing Development Corporation) is in contract to purchase the 64-unit multi-family site from the Master Developer for the construction of an affordable rental housing project. To assist in the financing of the affordable multifamily complex, known as Burbank Avenue Apartments (Project), Waterstone Residential, LLC (Developer) is requesting that the City submit a joint application to the California Department of Housing and Community Development's (HCD) Infill Infrastructure Grant (IIG) Program for up to \$5 million for infrastructure associated with the Project.

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BACKGROUND

SB Land Company owns a 14.25-acre site 1400 Burbank Avenue referred to as the Burbank Avenue Subdivision (Subdivision). The Subdivision is scheduled for Planning Commission review of a proposed Subdivision Tentative Map to create 75 lots that will allow the development of 138 units: 62 single-family lots, 12 duplex lots, and 64 multi-family apartments which are known as the Burbank Avenue Apartments and are proposed to be developed as an affordable community.

The Subdivision, located in the Roseland Priority Development Area, includes right-of-way dedications, street improvements, and new public and private roads. New Class II bicycle lanes and sidewalk will be provided on Burbank Avenue fronting the site and is incorporated throughout the new internal public roads. Burbank Avenue will be widened from approximately 50 feet to 62 feet which includes the Class II bicycle lanes. The Subdivision will also be contributing towards the cost of a traffic signal at the intersection of Hearn Avenue and Burbank Avenue.

The Master Developer has incorporated Burbank Avenue Apartments, 64 units of multifamily rental housing, and has agreed to sell the apartment site to the Developer. The Developer is seeking various financing opportunities for that component of the Subdivision. One of the financing sources is HCD's IIG program which provides grant funding for infrastructure (capital) improvements necessary for residential development. The IIG program requires not less than 15% of the housing units to be affordable for at least 55 years and requires that the capital improvements be necessary for the development of the Project.

The Project will provide one to three-bedroom apartments that will be 100% affordable to households ranging from 30% to 60% of area median income (AMI). The Developer will also be seeking 4% tax credits, tax exempt bonds, and other state and local funding sources.

As required by HCD's IIG guidelines, the Developer is requesting that the City submit a joint application for up to \$5 million in capital infrastructure improvements associated with the Project. Receipt of the grant funds from HCD will provide funding that does not require repayment and contributes to the necessary financing structure of affordable housing, which includes low interest loans and limited repayment obligations to accommodate the reduced rents that are received for the life of the affordability covenants.

PRIOR CITY COUNCIL REVIEW

Not applicable.

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ANALYSIS

The creation of new housing units, including 64 units affordable to households at or below 60% of AMI, will assist the City in meeting the following goals:

- Meet housing needs – construction of 64 affordable housing units
- Invest in and sustain infrastructure and transportation – construct infrastructure improvements associated with the Project site.

The submittal of the grant application to HCD allows the developer to compete for resources needed to construct the affordable housing units which funding generally include 4% tax credits, tax exempt bonds, and funding from other state and local sources. If the application is not submitted, if the City does not authorize being a joint applicant, or if the application is not awarded funds, the project timeline will be delayed, and the developer will be required to seek other financial resources to construct the project.

Participating in the IIG grant applications as a joint applicant allows the City, if funding is awarded, to execute grant agreements and submit invoice requests directly to the State without having to utilize the developer as a pass-through administrator. To file an IIG grant application as a joint applicant, the State requires each applicant to submit a resolution from its governing body designating an authorized person to file the application and any required documents to allow for award of funds, and to execute a State of California Standard Agreement. The Standard Agreement is developed in collaboration with grantees following award of an AHSC grant based on the template provided in Attachment 3.

Should the Project be awarded funding, the Housing and Community Services Department will return to the Council for review and approval of the Standard Agreement, and will develop an agreement with the housing developer to cross-indemnify the parties relative to the joint and several liability provision.

If the grant funds are awarded, the funds will be distributed as work is completed. 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 five (5) years of award. The Developer has indicated that it 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.

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ENVIRONMENTAL IMPACT

The Council finds that 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. Any future project will be subject to environmental review at such time that it is initiated.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Letter from Waterstone Development
- Attachment 2 – Vicinity Map
- Attachment 3 – California State Agreement Template
- Resolution

CONTACT

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