

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES MANAGER

SUBJECT: ALLOCATION OF AN ADDITIONAL FIFTEEN (15) ARTICLE XXXIV UNITS FOR CANNERY AT RAILROAD SQUARE LOCATED AT 3 W. THIRD STREET AND AMENDMENT TO THE REGULATORY AGREEMENT TO INCREASE THE NUMBER OF RESTRICTED UNITS FROM 113 TO 128 UNITS AND ADJUSTING THE INCOME ALLOCATIONS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve an additional allocation of fifteen (15) Article XXXIV units for the Cannery at Railroad Square an 129-unit affordable housing project, located at 3 W. Third Street, and approve an amendment to the Regulatory Agreement increasing the number of affordable units from 113 to 128 units and adjusting the income allocations.

EXECUTIVE SUMMARY

In January 2020, the Cannery at Railroad Square, located at 3 W. Third Street, received a predevelopment loan from the Housing Authority for a 114-unit multifamily rental complex. The Project was increased in size, as more units could be accommodated on the site and was approved by the Department of Planning and Economic Development in August 2020 as a 129-unit multifamily rental complex with 128 units affordable to households between 30% and 80% of Area Median Income. As a result of the increased project size, the developer, Santa Rosa Cannery LLC, is requesting that the Housing Authority allocate fifteen (15) additional Article XXXIV units for a total of 128 Article XXIV units and increase the number of units subject to the recorded Regulatory Agreement from 113 units to 128 units.

BACKGROUND

1. The Cannery at Railroad Square is multifamily rental complex to be developed at 3 W. Third Street. In January 2020, the Housing Authority approved a predevelopment loan in the amount of \$450,000 for a 114-unit multifamily rental complex, comprised of 113 income-restricted units and one unrestricted manager's unit
2. In August 2020, the Project which was increased in size because more units could be accommodated on the site and was approved by the Department of Planning and Economic Development as a 129-unit multifamily rental complex, 128 affordable units and one manager unit.

As a result of the increased project size, additional Article XXXIV units and an amendment to the Regulatory Agreement are also necessary.

PRIOR HOUSING AUTHORITY REVIEW

1. On January 27, 2020, the Housing Authority approved a predevelopment loan in the amount of \$450,000 and the allocation of 113 Article XXXIV units to the Project. The developer has since increased the size of the project necessitating the allocation of fifteen additional Article XXIV units.

ANALYSIS

1. Article XXXIV of the California Constitution was originally adopted by voters in 1950. Article XXIV states that “no low rent housing project” can be constructed without the electoral approval of a majority of voters. Article XXXIV defines “low rent housing project” as “any development composed of urban or rural dwellings, apartments, or other living accommodations for persons of low income, financed in whole or part by the Federal Government or a state public body or to which the Federal Government or a state public body extends assistance by supplying all or part of the labor, by guaranteeing the payment of liens, or otherwise.”
2. In 2002, the voters of the City of Santa Rosa approved Measure K which allowed the number of approved Article XXXIV allocated units to increase from one-half of one percent of the existing housing units in the City to one percent (1%) of the existing housing units in the City.
3. Currently, per the State of California Department of Finance, the total number of residential units in Santa Rosa is 69,185; therefore, the City is allowed 692 Article XXXIV units in 2020. The allocation of 15 additional units to Cannery at Railroad Square can be accommodated within the available units.
4. An amendment to the recorded Regulatory Agreement will increase the number of affordable units that are available to low-income households for 55-years. The unit allocation has changed as a result of the increased project size and due to the developer reserving 25% of the units to formerly homeless households, increasing the number of units for households at or below 50% of AMI. Below is a table comparing the approved and proposed unit allocations:

114-Unit Project	129-Unit Project
12 @ 30% of AMI	33 @ 30% of AMI
45 @ 50% of AMI	13 @ 40% of AMI
56 @ 80% of AMI	24 @ 50% of AMI
1 Manager Unit	38 @ 70% of AMI
<hr/>	20 @ 80% of AMI
114 Units	1 Manager Unit
	<hr/>
	129 Units

FISCAL IMPACT

ALLOCATION OF AN ADDITIONAL FIFTEEN (15) ARTICLE XXXIV UNITS FOR CANNERY AT RAILROAD SQUARE LOCATED AT 3 W. THIRD STREET AND APPROVAL OF AN AMENDMENT TO THE REGULATORY AGREEMENT
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Approval of this action does not have a fiscal impact on Housing Authority funds.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15183 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution
- Letter from Santa Rosa Cannery, LLC/John Stewart Company

CONTACT

Megan Basinger, mbasinger@srcity.org