

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: MEGAN BASINGER, DIRECTOR  
HOUSING AND COMMUNITY SERVICES  
SUBJECT: ACCEPTANCE AND APPROPRIATION OF THE STATE OF  
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT'S INFILL INFRASTRUCTURE GRANT  
PROGRAM FOR THE DOWNTOWN SANTA ROSA QUALIFIED  
INFILL AREA

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department, in conjunction with the Renewal Enterprise District, that the Council, by resolution: 1) accept and appropriate the State of California Department of Housing and Community Development's Infill Infrastructure Grant funds in the amount of \$9,540,147 for the Downtown Santa Rosa Qualified Infill Area (QIA); and 2) authorize the Director of Housing and Community Services to execute loan documents and any and all related documents for projects funded by the grant.

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EXECUTIVE SUMMARY

In August 2021, the Renewal Enterprise District (RED) prepared an application for the City to the California Department of Housing and Community Development's (HCD) Infill Infrastructure Grant (IIG) Program for grant funding associated with a Qualified Infill Area (QIA) designated the "Downtown Santa Rosa –QIA," which incorporated housing projects located within downtown Santa Rosa and improvements to 3<sup>rd</sup> and B streets. In December 2021, HCD awarded IIG funding of \$9,540,147 to the City for four housing projects - Caritas Homes Phase I, the Cannery at Railroad Square, 1 Santa Rosa Avenue and 425 Humboldt Street. The City received the Standard Agreement in May 2022; to administer and loan these funds, the City must accept and appropriate the grant, and to facilitate expeditious use of the funds, it is recommended that the Director of Housing and Community Services be authorized to execute all loan documents and any and all related documents required for loaning IIG program funds for projects funded by the grant.

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QUALIFIED INFILL AREA  
PAGE 2 OF 3

BACKGROUND

In May 2021, HCD released the Infill Infrastructure Grant (IIG) Program Notice of Funding Availability (NOFA) for approximately \$160 million. IIG Guidelines required the grant applicant to be either a city, county or public housing authority with jurisdiction of the area. The RED, in coordination with City staff, developed the application for a QIA project area in downtown Santa Rosa, encompassing several housing developments with at least 15% affordable units for a minimum of 55 years as shown in the table below.

Project Name	Total Units Included in Application	Infill Infrastructure Grant Unrestricted Units	Infill Infrastructure Grant Restricted Units
Caritas Phase I	64	1	63
Cannery at Railroad Square	129	59	70
One Santa Rosa	120	116	4
425 Humboldt	52	52	0
<b>Total</b>	<b>365</b>	<b>228</b>	<b>137</b>

In May 2022, HCD sent the City the Standard Agreement for the \$9,540,147 award for above referenced projects within the Downtown Santa Rosa QIA, as well as the Capital Improvement project at 3<sup>rd</sup> and B street to construct a right tun pocket and lane.

The Standard Agreement with HCD directs authority, purpose, scope of work, budget detail and payment provisions, and general and program specific terms and conditions of the IIG funds.

PRIOR CITY COUNCIL REVIEW

On August 3, 2021, the Council, by Resolution No. RES-2021-136 authorized submittal of the IIG application to HCD for up to \$30M and authorized the City Manager to execute the IIG program Standard Agreement, any amendments or modifications, and any and all related documents necessary to attain the grant, subject to approval to form by the City Attorney.

ANALYSIS

The award of IIG funds will assist with the construction and infrastructure costs associated with new housing units, including 137 units affordable to households at or below 60% of AMI, and will assist the City in meeting the following goals:

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QUALIFIED INFILL AREA  
PAGE 3 OF 3

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

The funds will be distributed as work is completed in the Downtown Santa Rosa QIA. IIG 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 it will be able to meet HCD's timeliness requirements; Caritas Phase I is currently under construction and Cannery at Railroad Square will begin construction in August 2022.

#### FISCAL IMPACT

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

#### 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.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

#### NOTIFICATION

Not applicable.

#### ATTACHMENTS

- Resolution

#### CONTACT

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