

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JASON NUTT, ASSISTANT CITY MANAGER
SUBJECT: APPROVAL OF INFILL INFRASTRUCTURE GRANT -CATALYTIC
QUALIFYING INFILL AREA PROGRAM APPLICATION AND
DELEGATION OF AUTHORITY TO ACCEPT AND EXECUTE
GRANT DOCUMENTS FOR PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Departments that the Council, by resolution: 1) approve and ratify City staff's submittal of an application to the California Department of Housing and Community Development for the Infill Infrastructure Grant Catalytic Qualifying Infill Area Program in an amount not to exceed \$9,530,057 ("Program Award") for purposes of predevelopment construction activities for downtown City surplus sites; 2) authorize and direct the City Manager or designee to accept and incur an obligation for the Program Award and to enter into, execute, and deliver an STD 213, Standard Agreement (the "Standard Agreement"), and any and all other documents required or deemed necessary or appropriate to secure the Program Award and to participate in the Program; and 3) appropriate grant funds received to a project key to be established by the Chief Financial Officer.

EXECUTIVE SUMMARY

Staff seeks Council approval to accept an award of \$9,530,057, for predevelopment construction costs related to housing construction on City owned sites, Garage 5 and Lot 7, from the California Department of Housing and Community Development as part of the Infill Infrastructure Grant Catalytic Qualifying Infill Area Program, and authorization and direction for the City Manager to accept and incur an obligation for the Program Award and to enter into a Standard Agreement, and any and all other documents required or deemed necessary or appropriate to secure the Program Award and to participate in the Program.

BACKGROUND

Council directed staff in December 2022, to declare the real properties located at 625 and 637 3rd Street, APNs 009-013-011 and 009-013-012 ("Garage 5"), 500 5th Street, APN

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010-053-028 (“Lot 11”), and 730 3rd Street, APN 009-072-044 (“Lot 7”, together with Garage 5 and Lot 11, the “Surplus Sites”), “non-exempt surplus land”, to prepare and submit a Notice of Availability for each property, take all necessary actions to comply with the Surplus Lands Act, and carry out Council’s direction in the disposition of the properties.

On January 23, 2023, at Council’s direction, City issued a Notice of Availability to affordable housing developers, among others, for each of the Surplus Sites for a period of sixty days and then entered into negotiations with each of the respondents for an additional period of 90 days.

During that time, the California Department of Housing and Community Development (“HCD”), issued a Request for Concept Proposals for the Infill Infrastructure Grant – Catalytic Qualifying Infill Area Program dated November 30, 2022, and issued an Infill Infrastructure Grant – Catalytic Qualifying Infill Area Program Guidelines and Notice of Funding Availability, Phase II Application Solicitation on March 15, 2023, and amended March 22, 2023 (collectively, the “NOFA”). The Program provides grant assistance available as gap funding for Capital Improvement Projects, which are an integral part of, or necessary to facilitate the development of, a Catalytic Qualifying Infill Area (CQIA).

Under the Program, grants are available as gap funding for infrastructure and other capital improvements necessary for specific residential and mixed-use infill development proposals.

In April 2023, the City applied for approximately \$15 Million in funds to be used for the predevelopment of each of the Surplus Sites and in August 2023, the City was informed that it had been selected to receive a portion of the funds that it had applied for, to be applied to two City sites.

On September 12, 2023, in Closed Session, Council gave direction to staff on price and terms involving the Surplus Sites and in open session, Council approved entering into an Exclusive Negotiating Agreement to negotiate the terms of a future agreement between the parties governing the potential disposition and development of Garage 5 with Rogal Projects, a sole proprietorship (“Rogal”) and Lot 7 with Burbank Housing Development Corporation, a California nonprofit corporation, and 10 E Street, LLC, a California limited liability company (collectively, “Burbank/Futrell”).

The Program Award would be used for predevelopment costs associated with Garage 5 and Lot 7.

PRIOR CITY COUNCIL REVIEW

On December 6, 2022, the City Council, by Resolution Nos. RES-2022-234, RES- 2022, 235, and RES 2022-236 declared Garage 5, Lot 7 and Lot 11, respectively, “non-exempt

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surplus land”; directed Staff to prepare and submit a Notice of Availability for each; and authorized the City Manager to take all necessary actions to comply with the Surplus Lands Act and carry out Council’s direction in the disposition of the Surplus Sites.

On December 13, 2022, in Closed Session, Council gave direction to staff on price and terms of long term sale or lease of the Surplus Sites.

On June 20, 2023, in Closed Session, Council gave direction to staff on price and terms of payment for the Surplus Sites.

On September 12, 2023 in Closed Session, Council gave direction to staff on price and terms involving the Surplus Sites.

On September 12, 2023, the City Council, by Resolution No. RES-2023-162, approved entering into an Exclusive Negotiation Agreement with Rogal for the potential disposition and development of Garage 5 and, by Resolution No. RES-2023-163, approved entering into an Exclusive Negotiation Agreement with Burbank/Futrell for the potential disposition and development of Lot 7.

ANALYSIS

Staff and Council have met in Closed Session to discuss the terms of negotiation for the potential disposition and development of Garage 5 and Lot 7 and the City is in Exclusive Negotiation Agreements on each of the respective surplus properties.

The Program Award will support pre-development of these two sites by funding site preparation and construction of key infrastructure, helping to further the goal of creating more housing in the City of Santa Rosa’s downtown.

FISCAL IMPACT

Approval of this action increases appropriations to the City General Fund by \$9,530,057.

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

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

PRESENTER

Jill Scott, Acting Deputy Director, Economic Development/Real Estate Manager