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Title: ***RESOLUTION - Authorizing Application for the Affordable Housing and Sustainable Communities Program and Authorizing Execution of Program Documents - South Stadium TOD Project (District 3).

Sponsors: Mayor's Office

Indexes:

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Attachments: 1. Standard Agreement - Infrastructure Grant.pdf, 2. Resolution_AHSC.pdf

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REPORT TO THE CITY COUNCIL

June 9, 2016

FROM: Bruce Rudd, City Manager

BY: Danielle Bergstrom, Government Affairs Manager
Office of the Mayor and City Manager

SUBJECT:

***RESOLUTION - Authorizing Application for the Affordable Housing and Sustainable Communities Program and Authorizing Execution of Program Documents - South Stadium TOD Project (District 3).

RECOMMENDATION

Staff recommends that the City Council adopt a resolution authorizing the submission of an application for grant and loan funds from the California Department of Housing and Community Development and the California Strategic Growth Council Affordable Housing and Sustainable Communities (AHSC) Program and authorize the execution of documents by the City Manager or designee.

EXECUTIVE SUMMARY

The third round of the Affordable Housing and Sustainable Communities (AHSC) Program Notice of Funding Availability (NOFA) opened on January 29, 2016. The City, in partnership with Noyan-Frazier Capital, LLC, jointly submitted a Concept Proposal to SGC and HCD on March 16, 2016 requesting \$5,738,730 in grant and loan funds for the South

Stadium Transit Oriented Development (TOD) Project (Project). After subsequent review, the City/Noyan-Frazier team was invited to submit a Full Application for AHSC funds for the Project. The NOFA is highly competitive, with a minimum requirement of 50% of funds distributed to disadvantaged communities and a minimum amount of 50% of funds distributed for affordable housing. The AHSC Program encourages applications that include higher density, affordable housing near transit in addition to transportation capital improvements that improve pedestrian and bicycle access to transit. Full applications are due on June 20, 2016.

BACKGROUND

The Affordable Housing and Sustainable Communities Program was created by Senate Bill 862 (2014) to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development. The AHSC Program is funded by the Greenhouse Gas Reduction Fund (GGRF), otherwise known as the auction proceeds derived from California's cap-and-trade program, or, California Climate Investments. The AHSC Program Goals include funding projects that: 1) result in the reduction of greenhouse gas emissions and vehicle miles travelled (VMT); and, 2) increase accessibility of housing, employment centers, and key destinations through low-carbon transportation options such as walking, biking, and transit. The AHSC Program explicitly funds projects through affordable housing loans, and capital grants for housing-related infrastructure, sustainable transportation infrastructure, transit related amenities, and other related programs.

Strong applications for the AHSC Program include both affordable housing components tied to transportation infrastructure improvements that improve access to transit as well as safety for pedestrians and bicyclists in the vicinity of the housing. Because of the strong emphasis on greenhouse gas emission reductions, significant consideration is given to higher-density housing projects located in regional employment centers and near high-capacity transit, including future high-speed rail stations. The AHSC Program also favors joint applications between public agencies and developers in the scoring criteria.

The City and Noyan-Frazier Capital, LLC, requested a total of \$5,738,730 in grant and loan funds for the South Stadium TOD Project, located on the northwest corner of Fulton and Inyo Streets. Of that funding:

- \$1,317,487 is requested as a loan to construct 11 affordable housing units (within a 51 unit development). Ten of those affordable units will be restricted to households making 50% of Area Median Income, and one of the affordable units will be a Manager's Unit. This loan will be administered directly to the developer from the Department of Housing and Community Development (HCD).
- \$1,945,352 is requested in grant funds for housing-related infrastructure (HRI), which would support necessary infrastructure for the housing development, including resident parking and wet utility infrastructure upgrades near the site. This grant would be administered directly to the developer from HCD.
- \$2,352,892 is requested in grant funds for sustainable transportation infrastructure (STI), which would support streetscape improvements along Inyo Street and Van Ness Avenue, including widened sidewalks and additional bike lanes, while retaining existing on-street parking with new smart parking meters. This grant would be administered directly to the City from HCD.
- \$122,999 is requested in grant funds for transit-related amenities (TRA), which includes pedestrian-oriented wayfinding signage near the project in addition to bike lockers for the BRT station to be located at Van Ness and Mariposa Streets. These grant dollars will be allocated directly to the City from HCD.

If awarded the funds, construction on the housing portion of the project will commence in Spring of 2017, with construction of the transportation improvements to begin in early 2018. Both the housing and transportation improvements will be completed no later than Summer of 2018. The grant requires that all construction contracts awarded are subject to state prevailing wage law.

Because the City and Noyan-Frazier, LLC are applying as joint applicants, there are some protections that need to be in place to protect the City from being liable for failed project delivery on behalf of the developer. According to the AHSC Program Guidelines, each grant and/or loan recipient is jointly and severally liable for the completion of the project. The City Council, on February 25, 2016, approved a Disposition and Development Agreement between the Developer and the City that includes: indemnification of the City in the event that the Developer defaults on the housing capital project; Developer procurement of a 110% performance bond; and, Developer procurement of \$3,000,000 in General Liability Insurance. The construction schedule is structured such that the City will not draw down any funds for the transportation components until the housing capital project is nearly completed by the Developer, in order to avoid paying back any funds in the case of Developer default.

ENVIRONMENTAL FINDINGS

A Finding of Conformity was adopted for the South Stadium TOD Project on September 18, 2015. This approval is to implement a portion of that project.

An analysis has been performed pursuant CEQA Guidelines § 15162 to determine whether subsequent environmental review is required for the South Stadium TOD Project. Based upon this analysis the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the project which will require major revisions of the previous Finding of Conformity due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case, there are no changes to what was previously assessed.
2. No substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous Finding of Conformity due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
3. There is no new information, which was not known and could not have been known at the time of the previous addendum that the project will have significant effect not discussed in the Finding of Conformity.

Based upon these findings, it has been determined that no further environmental documentation is required for this project.

Further, a finding of a Class 1 and Class 4 Categorical Exemption pursuant to CEQA Guidelines Section 15301 and 15304 was filed on March 15, 2016, for the transportation capital projects. Therefore, all necessary environmental review required by CEQA has been completed.

LOCAL PREFERENCE

This is not a project for the purpose of local preference.

FISCAL IMPACT

City's obligation to construct improvements is contingent upon receipt of, and will be fully funded by, AHSC funds. There will be no impact on the general fund.

Attachments:

Resolution
AHSC Standard Agreement (Template)