City of Sacramento

Legislation Details (With Text)

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Title:	Affordable Housing Sustainable Communities Applications for Twin Rivers and Railyards Housing Projects		
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Date	Ver.	Action By	Action	Result

Title:
Affordable Housing Sustainable Communities Applications for Twin Rivers and Railyards Housing Projects

File ID: 2019-00082

Location: River District and Railyards, District 3

Recommendation:
Adopt: 1) a Resolution supporting the grant application for the Twin Rivers Housing Project from the State of California for Affordable Housing and Sustainable Communities (AHSC) program funding; and 2) a Resolution supporting the grant application for the Railyards Lot 48 Mixed-Income Housing Project for AHSC funding.

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Presenter: None.

Attachments:
1-Description/Analysis
2-Resolution Supporting Twin Rivers Application
3-Resolution Supporting Railyards Application

Description/Analysis

Issue Detail: On November 1, 2018, the State of California issued a Notice of Funding Availability for $395 million in available statewide funding from the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) program. The program provides grants and loans to housing projects that will achieve reductions in greenhouse gas ("GHG") emissions by increasing access to affordable housing and key destinations via low-carbon transportation modes and increased use of transit, bicycling and walking. Typically, affordable housing developers are the primary applicants.

Two development teams in the city intend to submit applications for funding in this round. First, the Sacramento Housing and Redevelopment Agency (SHRA) and the housing developer McCormack Baron Salazar, Inc. (MBS) will be co-applicants on an AHSC grant application for up to $20 million in funding for the Twin Rivers Housing Project. The application requests funding for the Phase 2 of the project's housing development and associated active transportation elements including transit, bicycle and pedestrian improvements. Second, Downtown Railyard Venture LLC (DRV) will be applying for an AHSC grant for its mixed-income housing project on Lot 48 and associated infrastructure improvements.

Phase 2 for the Twin River Housing Project, located south of Richards Boulevard and west of North 12th Street, will include 123 mixed-income rental housing units within 10 buildings. Each unit will contain between 1 and 4 bedrooms. A minimum of 60 public housing replacement units and 11 market rate units will be included in this phase of the project's development, with the balance of the units targeted to incomes between 60% and 80% Average Median Income (AMI). The amenities included in this phase will be a tot lot, barbeque areas, and electric car share.

DRV will be applying for $16.8 million in funding for the Railyards' Lot 48 Mixed-Income Housing Project, located south of Railyards Boulevard between 6th and 7th Streets. The project will include 303 residential units, of which 61 units will be affordable at or below 80% of AMI and the balance at market rate. The amenities included in for this project are a clubroom, lounge, fitness center, roof deck, and ground floor retail.

Policy Considerations: The proposed projects are consistent with the City's policy to promote resiliency with respect to air quality, renewable energy, sustainable land use, and the reduction of GHG emissions.

The projects have been reviewed for consistency with the 2035 General Plan. The projects will advance the General Plan goals, policies, and targets that will directly or indirectly support the conservation of energy resources and reduction of GHG emissions, as well as promote affordable housing located near transit. The projects are also consistent with the objectives of their respective specific plans: the River District Specific Plan and the Railyards Specific Plan.

Economic Impacts: If funded through AHSC grants, the economic impacts of these projects will be

assessed at the time of the award of the construction contract.

Environmental Considerations: SHRA's application for and administration of grant funds is not considered a project under CEQA per CEQA Guidelines §15378, as this is a government administrative and fiscal activity. The impacts of both development projects have been analyzed under the respective environmental impact reports.

Sustainability: The projects will advance the goals, policies, and targets that will directly or indirectly conserve energy resources and reduce GHG emissions identified in the 2035 General Plan (Appendix B: Climate Action Plan).

Commission/Committee Action: The Twin Rivers Housing Project was heard at the January 16, 2019 SHRA Commission meeting and the AHSC application was supported by the commission. There is no commission action needed for the Railyards Lot 48 Mixed-Income Housing Project grant application.

Rationale for Recommendation: Both projects will provide opportunities to build more affordable housing in the Central City in the context of reducing GHG emissions.

Financial Considerations: Grant awards up to $20 million are typically provided directly to the affordable housing developers. For the Twin Rivers Housing Project, SHRA and MBS will be co-applicants. Approximately $13 million will go towards the housing development and up to $4 million with be available to the City for the transportation related improvements. Staff will return to Council to request approval of an SHRA agreement and budget authority for the transportation related improvements funding once the grant is awarded. For the Railyards project, funds will be distributed directly to DRV.

Local Business Enterprise (LBE): Not applicable at this time.

Background

AHSC Grant Program

The Strategic Growth Council's AHSC program provides grants and affordable housing loans for compact transit-oriented development and related infrastructure and programs that reduce GHG emissions. These projects increase the accessibility of housing, employment centers, and key destinations via low-carbon transportation options (walking, biking, transit) resulting in fewer vehicle miles traveled (VMT) and mode shift.

Funds are allocated through a competitive process, based on the merits of applications submitted and the proposed use of funds within the identified Project Area. The threshold requirements and application selection criteria focus on the extent to which developments realize the AHSC program's objectives of reducing GHG emissions, benefiting Disadvantaged Communities and Low-Income

Communities, providing affordable housing, demonstrating project readiness, and meeting other policy considerations. Applications for AHSC are due February 11, 2019 with awards anticipated to be announced on June 21, 2019.

Twin Rivers Housing Project

In July 2017, the SHRA Commission and City Planning and Design Commission approved the environmental impact report, relocation plan, demolition plan, and other actions needed to begin full implementation of the Twin Rivers Housing Project. On December 12, 2017, SHRA entered into a Master Development Agreement with McCormick Baron Salazar Inc. (MBS) as master developer to construct a minimum of 487 new multi-family rental units and related infrastructure and amenities in multiple phases.

Multiple sources of funds will be required for the various phases of the project's development, including tax credit equity, public and private debt, and State grant funds. The project was recently awarded a Transformative Climate Community (TCC) grant from the Strategic Growth Council for the Dos Rios Light Rail Station which will provide much needed local access to the Blue Line for Twin Rivers' residents.

SHRA proposes to use up to $13 million in AHSC funding to support Phase 2 of the housing construction in partnership with MBS. Part of the project would fund up to $4 million in improvements to be constructed by the City for pedestrian, bicycle, and transit improvements in the Central City. The balance of the funds will be used for bus vouchers, light rail station improvements, two fuel efficient buses and administrative costs. Construction of the Phase 2 housing is anticipated to begin in the spring of 2020.

The City has been working in partnership with SHRA since 2011 to redevelop the Twin River Housing Project. The City and SHRA are co-grantees for the Choice Neighborhoods Initiative grant for the redevelopment of the Twin Rivers Housing complex, one of only five nationwide $30 million implementation grants awarded by the Department of Housing and Urban Development (HUD).

Railyards Housing Project

DRV is preparing an application for AHSC funds to mitigate the cost of development and improve the feasibility of developing affordable housing within the Downtown Railyards. If awarded, these funds will assist with funding public infrastructure required to support the affordable housing project.

DRV has requested a Resolution of support from the City of Sacramento, which will be included in the application to AHSC. The grant funds, in the amount of $16.8 million, will be essential to financing necessary infrastructure to serve a new 303-unit mixed-use apartment building, which is expected to complete the City's Design Review process by Spring of 2019. This will be the first residential project to be developed in the Railyards. The project is planned to be mixed-income, with 20% of the units set aside for residents earning at or below 80% of AMI.

The grant funds from the AHSC program will help make the low-income units financially feasible to construct. Funds will be used for sustainable infrastructure projects that promote active transportation, transit ridership and urban greening features, all of which reduce GHG emissions in the region.