

City of Sacramento

Legislation Text

File #: 2018-01741, **Version:** 1

Title:

Approval of the Submittal of an Application for the Affordable Housing and Sustainable Communities Grant, Choice Neighborhoods Initiative (CNI) Loan Commitment, and Section 108 Loan Program Contract for the Twin Rivers Transit Oriented and Light Rail Station Project

File ID: 2018-01741

Location: Twin Rivers Development, District 3

Recommendation:

Adopt: 1) a City Council Resolution: a) authorizing the Sacramento Housing and Redevelopment Agency (SHRA), as designated Project Manager for the Twin Rivers Transit Oriented Development and Light Rail Station project (Project), to apply for an Affordable Housing and Sustainable Communities (AHSC) grant of up to \$20,000,000 for Phase 2 of the Twin Rivers Transit Oriented and Light Rail Station Project (Project); and b) authorizing SHRA to execute the grant agreement and all documents required for participation in the AHSC program; and 2) a City Council Resolution: a) authorizing SHRA on behalf of the City, as co-grantee on the Choice Neighborhoods Implementation (CNI) grant, to issue a loan commitment of up to \$8,000,000 of CNI funds for Phase 2 of the Project; and b) authorizing the City Manager to execute the Section 108 Loan Program Contract and related documents for Project infrastructure funds.

Contact: Tyrone Roderick Williams, Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution - AHSC Application
- 3-Resolution - CNI Commitment
- 4-Exhibit A - Loan Commitment
- 5-AHSC Round 4 Funding Guidelines
- 6-Detailed Site Map

Description/Analysis

Issue Detail: In 2015, the Housing Authority of the County of Sacramento as property owner and grantee/lead applicant along with the City of Sacramento as co-grantee/co-applicant were awarded a \$30 million Choice Neighborhoods Implementation (CNI) Grant from the U.S. Department of Housing and Urban Development (HUD) for the Twin Rivers Transit Oriented Development and Light Rail Station Project. The CNI grant supports the River District/Railyards neighborhood transformation plan and focuses on transforming the existing Twin Rivers public housing development by requiring one-for-one replacement of all 218 public housing units within a newly constructed housing project, with a minimum of 487-units in a mixed-income community.

The proposed actions include authorization to apply to the State of California Strategic Growth Council and Department of Housing and Community Development (HCD) in funding Round 4 for an Affordable Housing and Sustainable Communities (AHSC) grant for Phase 2 of the Project. The Notice of Funding Availability was issued November 1, 2018. The application deadline is February 11, 2019, with an anticipated award date in August. Up to the \$20,000,000 maximum grant amount will be requested to be used in relation to Phase 2 of the Project for Affordable Housing Development (AHD), Housing-Related Infrastructure (HRI), Sustainable Transportation Infrastructure (STI), Transit-Related Amenities (TRA), and Program (PGM) activities (collectively "AHSC Grant") as defined in the AHSC Program Guidelines adopted for Round 4 applications (Attachment 5). To achieve maximum scoring and among other requirements, a total of 25 percent of the requested amount must be used for STI activities and 5 percent used for TRA activities, limiting the amount available for Affordable Housing Development ("AHD activities").

If the full \$20 million amount is awarded, it is estimated that approximately \$13,000,000 of the AHSC grant will be available to construct Phase 2 housing, in turn resulting in the need for up to \$8,000,000 of CNI funds to complete this phase. The proposed actions include approval of a loan commitment letter for these CNI funds to be used as evidence of funding commitments required for the AHSC application. Staff will return to City Council at a later date with additional underwriting of Phase 2, which is currently planned as a four percent bond and tax credit project that may also apply for Multifamily Housing Program (MHP) funds from HCD.

Twin Rivers Phase 2 will be a new construction, mixed-income housing development located on Block B and Block E of the site (Attachment 6). This will be the second phase of development for the multi-phased, Twin Rivers public housing redevelopment project. Phase 2 will include a mixture of multifamily apartments, townhomes, and garden-style walk-up buildings. There will be a total of 90 at-grade parking spaces for this phase. It will consist of a total of 10 residential buildings that will have a minimum of 123 mixed-income, rental housing units. The housing units will range from 1 to 5 bedrooms in size. A minimum of 69 public housing replacement units will be included in Phase 2 in accordance with the HUD-approved replacement housing plan for the Project. While many of the larger amenities for the entire Twin Rivers Project will be physically located in Phase 1, Phase 2 residents will have access to those amenities and will also contain several outdoor amenities

including tot lots, barbeque areas, and electric car share. Block B portion of Phase 2 housing is being constructed adjacent to the new 1.1 acre community park and a number of Block B units will be directly overlooking the park.

The proposed actions also include authorization for the City Manager to sign the Section 108 Loan Program Contract as required by HUD in its approval of the Section 108 Loan Application, which was approved by City Council on May 22, 2018 (Resolution No. 2018-0207).

Policy Considerations: The recommended actions are consistent with a) the SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, Priority 1 - Preservation (Resolution No. 2009-148); b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); d) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by year 2025 (Resolution No. 2015-282); e) the 2007 Asset Repositioning Strategy of the City and County Housing Authorities; f) the 2013-2019 Consolidated Plan; and g) the River District Specific Plan adopted February 15, 2011.

Economic Impacts: The construction of new multifamily housing in Twin Rivers Phase 2 is expected to create approximately 570 total jobs (approximately 320 direct jobs and 250 indirect jobs through indirect and induced activities) and create \$79,016,950 in total economic output (\$48,200,339 of direct output and another \$30,816,610 of economic output through indirect and induced activities). The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA): A combined Initial Study/Environmental Assessment (IS/EA) was prepared for the Twin Rivers Transit Oriented Development Project pursuant to CEQA requirements under Title 14, §15070 of the California Code of Regulations (CCR), and NEPA requirements under Title 24, Code of Federal Regulations (CFR) Part 58.36. The Sacramento Housing and Redevelopment Commission approved the final environmental document on behalf of SHRA at its meeting on July 19, 2017. Along with site entitlements, the Planning and Design Commission made findings pursuant to CEQA and adopted the Mitigated Negative Declaration

(MND) and associated Mitigation Monitoring and Reporting Program (MMRP) on July 27, 2017. A Notice of Determination (NOD) pursuant to CEQA and a Finding of No Significant Impact (FONSI) pursuant to NEPA was filed on June 12, 2017. On August 22, 2017, the County Board of Supervisors adopted the MND and associated MMRP and approved the Project. On August 24, 2017, SHRA issued the NOD for the Project pursuant to CEQA. All activities for the Twin Rivers Transit Oriented Development Project are covered by this environmental review process. No further environmental review is required for the proposed actions.

Sustainability: The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. The Project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element - Strategies and Policies for Conserving Energy Resources - Climate Action Plan, subsection 7.2: improving the energy efficiency in new buildings; and b) Environmental Resources - Air Quality and Climate Change sub-section 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

Commission/Committee Action: The Sacramento Housing and Redevelopment Commission (Commission) will hear this item at its meeting on January 16, 2019. At this meeting, the Commission will be asked to adopt a motion recommending approval of the attached resolutions. In the event the action is not approved by the Commission, staff will notify the Council.

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City. In addition, the recommended actions support the City of Sacramento's 2013-2021 Housing Element, Promise Zone plans and goals, and the Downtown Housing Initiative and the Downtown Specific Plan. Approval of the loan commitment of Phase 2 CNI funds attached to the resolution will provide evidence of committed funds required to support the AHSC application. Receipt of an award of the AHSC grant will provide additional funds needed to complete Twin Rivers Phase 2, encompassing two blocks of new mixed-income housing in the Project. The AHSC award will also assist with completion of City-supported projects consistent with the River District Specific Plan and the Twin Rivers Neighborhood Transformation Plan.

Financial Considerations: Financing for Twin Rivers Phase 2 housing will include noncompetitive four percent bond financing and tax credits, as well as other sources of public financing. It is estimated that up to \$8 million of CNI grant funds will be needed for Phase 2 housing and staff is seeking authority to allocate CNI funds for this purpose. In addition, approximately \$13 million of up to a \$20 million competitive Affordable Housing and Sustainable Community (AHSC) loan will also be needed for new housing in this phase. Preliminary analysis indicates that any remaining funding need

for Phase 2 can be filled from a loan from HCD under its MHP loan program. Upon award of AHSC funds, staff will return with additional underwriting and a more detailed financing structure for the Phase 2 housing for approval consideration by City Council.

Local Business Enterprise (LBE)- M/WBE and Section 3 requirements: LBE considerations do not apply to this report. Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent as may be applicable. The Twin Rivers Project developer will be encouraged to work with the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, for employment opportunities during Project construction.