

# City of Sacramento

## Legislation Text

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**File #:** 2019-01825, **Version:** 1

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**Title:**

**Mirasol Village Project- Application for Affordable Housing and Sustainable Communities Grant and Loan Commitment of Choice Neighborhoods Funds to Mirasol Village Block C**

File ID: 2019-01825

**Location:** 321 Eliza Street, District 3

**Recommendation:**

Adopt 1) a City Council Resolution that (a) authorizes the Sacramento Housing and Redevelopment Agency (SHRA) as designated Project Manager for the Mirasol Village Project (Project), to apply to the State of California Strategic Growth Council and Department of Housing and Community Development in funding Round 5 for an Affordable Housing and Sustainable Communities (AHSC) grant of up to \$30 million for Block C of the Project, (b) authorizes SHRA to execute all documents required for participation in the AHSC program, and 2) a City Council Resolution that as co-grantee on the Choice Neighborhoods Implementation (CNI) Grant, authorizes SHRA to issue a loan commitment of up to \$2 million of CNI funds for Block C of the Project to Twin Rivers Phase 3, L.P.

**Contact:** Tyrone Roderick Williams, Director of Development, (916) 440-1316, Sacramento Housing and Redevelopment Agency; Victoria Johnson, Program Manager (916) 440-1388, Sacramento Housing and Redevelopment Agency

**Presenter:** None

**Attachments**

- 1-Description/Analysis
- 2-Resolution - AHSC Application
- 3-Resolution - CNI Commitment
- 4-Exhibit A (to CNI Commitment Resolution) - Loan Commitment
- 5-Conceptual Site Plan
- 6-Vicinity Map

**Description/Analysis**

**Issue Detail:** In 2015, the Housing Authority of the County of Sacramento (HACOS) and the City of Sacramento (City) were, as co-grantees, awarded a \$30 million Choice Neighborhoods Implementation (CNI) Grant from the US Department of Housing and Urban Development (HUD) for the Twin Rivers (Mirasol Village) Transit Oriented Development and Light Rail Station project (Project). The development was renamed as Mirasol Village in 2019. SHRA is managing the Project and McCormack Baron Salazar is the designated developer and Housing Lead (Developer) under the CNI grant.

The CNI grant supports the redevelopment of the Twin Rivers public housing project and the transformation of the River District/Railyards neighborhood. The CNI grant requires replacement of 218 Twin Rivers public housing units within a mixed-income development which will include at least 487 new housing units, common area and community gathering spaces, and other amenities. A new light rail station will be constructed along 12<sup>th</sup> Street as part of the Project. The total Project area includes six residential blocks and encompasses approximately 26 acres. A Conceptual Site Plan map and vicinity map of the Project are shown in Attachment 3 and Attachment 4.

This report requests approval for SHRA and the Developer to apply to the State of California Strategic Growth Council and Department of Housing and Community Development (HCD) in funding Round 5 for an Affordable Housing and Sustainable Communities (AHSC) grant for Block C of the Project.

The purpose of the AHSC program is to promote projects that will achieve greenhouse gas emissions reductions, particularly through increasing accessibility to affordable housing and key destinations via low-carbon transportation, resulting in fewer vehicle miles traveled through shortened or reduced trip length or mode shift from Single Occupancy Vehicle use to transit, bicycling or walking. The goals and design of the Mirasol Village project are very compatible with the goals and purpose of the AHSC program.

The Round 5 Notice of Funding Availability was issued November 1, 2019. The application deadline is February 11, 2020 with awards to be made in summer 2020. Up to \$30 million in grant funds will be requested to be used to support Block C of the Project for Affordable Housing Development, Housing -Related Infrastructure, Sustainable Transportation Infrastructure (STI), Transit-Related Amenities (TRA), and Program activities as defined in the AHSC program guidelines. To achieve maximum scoring, a total of 25 percent of the requested amount must be used for STI activities and five percent used for transit related activities, limiting the amount available for new housing construction. The City's Public Works Department will deliver the STI bicycle and pedestrian projects within public right of way and Sacramento Regional Transit will deliver the TRA improvements as identified in the AHSC application.

If funds are awarded, approximately \$16 million of the AHSC grant request will be available to construct Block C housing, in addition to the not to exceed amount of \$2 million of CNI funds that this report recommends be committed to this phase. This report also requests approval of a loan commitment letter to the Mirasol Village Developer (Twin Rivers Phase 3, L.P.) for the CNI funds to be used as evidence of funding commitments required for the AHSC application. Staff will return to Council to request approval of additional underwriting for Block C, which is currently planned as a four percent tax-exempt bond and tax credit project.

All of the applicable state funding programs are over-subscribed and competitive. In order to ensure that CNI Project deadlines are met, the Developer will continue to submit funding applications in 2020 until all phases of the Project are fully funded. As a back-up plan in case the AHSC funds are not awarded, the Developer also plans to submit a Multifamily Housing Program (MHP) application on behalf of Block C in March 2020. The MHP application for Block C will include seven units that will be set aside for special needs households, in order to meet community need and to make the application more competitive.

Mirasol Village Block C will be a new construction, mixed-income housing development. Block C will include a mixture of multifamily apartment, townhome, and garden-style walk-up buildings. It will consist of a total of seven residential buildings that will include 84 rental housing units that range from one to four bedrooms in size and 74 on-grade parking spaces. The unit mix will include 46 replacement units, 19 tax-credit units and 19 market-rate units. Block C residents will have access to all outdoor community amenities including the park, garden, barbeque areas, and electric car share. If awarded, construction is anticipated to begin in early 2021 and be completed in 2022. Proposed transit amenities will be installed in 2021 or 2022.

**Policy Considerations:** The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies, adopted on December 3, 2019 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 Mirasol Village Block C is expected to create approximately 338 total jobs (approximately 190 direct jobs and 148 indirect jobs through indirect and induced activities) and create \$46,841,248 in total economic output (\$28,786,664 of direct output and another \$18,054,584 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 Mirasol Village 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 SHRC approved the final environmental document on behalf of SHRA at its meeting on July 19th. Along with site entitlements, the Planning and Design Commission for the City of Sacramento made findings pursuant to CEQA and adopted the Mitigated Negative Declaration (MND) and associated Mitigation Monitoring and Reporting Program (MMRP) on July 27, 2017, and subsequently issued a Notice of Determination (NOD) pursuant to CEQA and a Finding of No Significant Impact (FONSI) pursuant to NEPA. 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 Mirasol Village Project are covered by this environmental review. No further environmental review is required for the proposed actions.

The bicycle and pedestrian improvements included in the Sustainable Transportation Infrastructure activities, which consist of minor alteration of existing roadways that do not create additional automobile lanes, are exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(c).

**Sustainability Considerations:** The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, 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 Action:** The Sacramento Housing and Redevelopment Commission (Commission) will review this item in its meeting on February 5, 2020. At this meeting the Commission will be asked to adopt a motion recommending approval of the attached resolution. 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 Initiation of the Downtown Specific Plan. Approval of the commitment of Phase 3 CNI funds attached to the resolution will provide evidence of committed funds required to support the AHSC application. Receipt of an award of AHSC funds will provide additional funds needed to complete Twin Rivers (Mirasol Village) Phase 3 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:** The proposed financing structure for Mirasol Village Block C includes tax-exempt bond financing, noncompetitive four-percent tax credits, AHSC funds (or MHP funds), CNI funds, Project-based Section 8 vouchers and a below-market ground lease from HACOS. If the AHSC funds are awarded, staff will return to the Council with detailed financial projections and a request to approve the issuance of tax-exempt mortgage revenue bonds.

**LBE - M/WBE and Section 3 requirements:** LBE considerations do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with the SHRA's Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.