RESOLUTION NO. 2022-0161

Adopted by the Sacramento City Council

May 31, 2022

Step Up In Sacramento Project (Project): Authorization to Allocate $2,925,000 from the City Housing Trust Fund Measure U Balance to the Step Up in Sacramento Project and Execute the Necessary Funding Agreement, Affordability Agreement, and Related Documents for the Completion of this Affordable Housing Project

BACKGROUND

A. In Fall/Winter 2020, Lennar Housing Foundation approached the City with an opportunity to partner on a project by which Lennar would develop tiny homes within the city utilizing Veev Homes technology, if the City could assist with identifying a site.

B. Over time and after several sites, the Step Up, Lennar, and Veev partnership, in coordination with the City, have identified a transit-oriented location, the transfer of which is in the process of being negotiated. Step Up requiring $2,925,000 as a below market loan for the necessary site and predevelopment costs to bring this project to fruition. Predevelopment activities include environmental review as necessary.

C. On February 2, 2021, the City Council set-aside a commitment of $31.5 million in the City’s General/Measure U fund balances for the City Housing Trust Fund. This Fund currently has $4,930,000 of available funding for the purpose of furthering affordable housing.

D. In exchange for an ongoing affordability agreement on the housing units restricted to very low and extremely low income households, staff is recommending a loan of $2,925,000 be made from the Housing Trust Fund to the Step Up in Sacramento Project (I02189040) with repayments going back to the Revolving Loan Fund (Fund 2029).

E. The recommended actions are consistent with the 2021-2029 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. 2021-0259), the City Council’s adopted Housing Trust Fund Framework from January 28, 2020, and Council’s efforts under the Comprehensive Siting Plan to further affordable housing to reduce local instances of homelessness.
F. The City’s commitment of these funds does not constitute the City’s commitment to or approval of any particular project, nor does it foreclose alternative solutions or mitigation measures that would otherwise be required in connection with the eventual project. City retains the sole and independent discretion as the lead agency to decide whether to approve a project and, among other things, balance the benefits of the project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and determine not to proceed with approval of the project.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Section 2. The City Manager, or the City Manager’s designee, is authorized to establish the Step Up in Sacramento Affordable Housing Development Project (I02189040) and appropriate $2,925,000 from the City Housing Trust Fund commitment of Measure U Fund balance (City Funds) to I02189040 for the purpose of providing a construction loan to the Developer for the land acquisition and predevelopment costs of the Project.

Section 3. The City Manager, or the City Manager’s designee, is authorized to transfer $2,925,000 to the Revolving Loan Fund (Fund 2029) from the Measure U Fund for this purpose.

Section 4. The City Manager, or the City Manager’s designee, is authorized to negotiate, enter into, execute, and amend from time to time, a $2,925,000 funding agreement comprised of City Funds for the Project, and to execute other documents, including the necessary 55-year Affordability Agreement, as approved to form by the Office of the City Attorney, and perform other actions required for the City Housing Trust Fund (City Funds), including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with this resolution.

Section 5. The City Manager, or the City Manager’s designee, through the funding agreement and related documents is authorized to provide this predevelopment loan at three percent interest with a 55-year term to Step Up on Second for the Project.
Section 6. The City is directed to return future loan repayments to the source of the originating funds, with repayments going back to the Revolving Loan Fund (Fund 2029) to be reused within the City’s Housing Trust Fund.

Adopted by the City of Sacramento City Council on May 31, 2022, by the following vote:

Ayes: Members Ashby, Guerra, Harris, Jennings, Loloee, Schenirer, Valenzuela, Vang, and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest: __________________________ 06/18/2022

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.