



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO CITY COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
April 21, 2009

Honorable Mayor and Members of the City Council

Title: Township 9 Project Funding in Support of Proposition 1C Applications

Location/Council District: Township 9 Planned Unit Development, 7th Street and Richards Boulevard, River District Redevelopment Area ("RDA")/ Council District 1

Recommendation: Adopt a **City Council Resolution** which: 1) supports an application for \$12,775,000 in California Proposition 1C Transit Oriented Housing Program funds; 2) supports an application for \$7,200,000 in Proposition 1C Infill Infrastructure Program funds—both intended to benefit the proposed St. Anton affordable housing project ("St. Anton Project") in the Township 9 Planned Unit Development ("PUD"); 3) authorizes the Sacramento Housing and Redevelopment Agency ("Agency") to commit up to \$3,000,000 in City Housing Trust Fund funds for the St. Anton Project; 4) amends the Agency budget accordingly; 5) authorizes the Agency to negotiate terms and conditions of a loan agreement for up to \$3,000,000 and other related documents for the St. Anton Project, subject to future review and approval by the Agency's governing board; and 6) approves and adopts the findings of a Mitigated Negative Declaration for the Project under the California Environmental Quality Act ("CEQA").

Contact: Lisa Bates, Deputy Executive Director, 440-1316; Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: California voters passed Proposition 1C on November 7, 2006, authorizing \$2.8 billion in bond funds to support housing and infrastructure projects. Slightly more than \$1 billion of Proposition 1C funds were allocated for the Transit Oriented Development Housing Program ("TOD Housing Program") and for the Infill Infrastructure Grant Program ("Infill Infrastructure Program"). Recently two Notice of Funds Available ("NOFAs") were issued - the first for \$95

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million of TOD Housing Program monies and the second for \$200 million of Infill Infrastructure funds. In order to successfully compete for these funds, local funding support must be authorized to leverage projects that compete for Proposition 1C funds.

Proposition 1C funding is a potential source of support to help achieve objectives in the River District RDA Implementation Plan which are to facilitate the development of affordable housing and to upgrade substandard infrastructure that currently impedes development as envisioned in the Township 9 Planned Unit Development ("PUD"). The PUD and related land use entitlements for Township 9 were approved by the City Council in August 2007.

For a key site in Township 9, St. Anton, LLC ("Developer") is proposing the Township 9 Affordable Housing Project ("St. Anton Project"). The St. Anton Project is a \$45 million, 180-unit affordable housing development on Parcels 11A and 11C of the Township 9 Tentative Map. The project scope calls for a four-story building with one and two-bedroom units over underground parking and 6,000 square feet of ground floor retail. The units would be affordable to households with incomes of 50 percent and 30 percent of the area median income. Implementation of the St. Anton Project would help eliminate blight and help achieve River District RDA Implementation Plan goals. Attachment 1 contains additional information about the proposed project and financing requirements. Attachment 2 includes a vicinity map and site location for Township 9.

The St. Anton Project, as proposed, would be funded with several sources including mortgage revenue bonds, low-income housing tax credits, Proposition 1C Transit Oriented Housing funds, and Proposition 1C Infill Infrastructure Grant funds. Based on a preliminary review of the project budget and operating proforma, the Agency is requesting approval of conditional construction and permanent loan commitments of up to \$3 million. Approval of the recommended conditional local funding commitment would provide leverage for two Proposition 1C funding applications submitted by the Developer for the St. Anton Project and is necessary to fund a gap in available resources.

The \$45 million St. Anton Project budget has a financing gap that is larger than Agency resources can fill, making alternative subsidy sources such as Proposition 1C funds of critical importance. Projects competing for Proposition 1C funds are scored according to criteria that include funds committed by local financial support.

Policy Considerations: The recommended action is consistent with the following River District Redevelopment Plan goals: 1) Remediate and beautify by redeveloping stagnant and under-utilized sites, 2) Eliminate infrastructure deficiencies such as substandard vehicular systems and insufficient off-street

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parking, and 3) Provide housing for families including low- and moderate-income households.

Environmental Considerations:

California Environmental Quality Act (CEQA): The Township 9 Planned Unit Development and related land use entitlements, including a Large Lot Tentative Map, a Development Agreement, and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report (EIR) was certified on that date. There are no substantial changes in the project or the circumstances that will require major revisions in the EIR and there is no new information that has become available since the EIR was certified.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the City's Sustainability Master Plan and its 2030 General Plan. If approved, the St. Anton project will advance the following goals, policies and targets as follows: (a) Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy; (b) Goal number three – Air Quality, specifically by reducing the number of commute trips by single occupancy vehicles and reducing vehicle miles traveled; (c) Goal number five – Public Health and Nutrition, specifically by maximizing the number of amenities that are located within ½ mile of all residents and cleanup, redevelopment, and reuse of areas that are brownfields; and (d) Goal number six – Urban Design, Land Use, Green Building, and Transportation specifically by reducing dependence on the private automobile by providing efficient and accessible public transit and transit-supportive land uses, and reducing long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

Other: The National Environmental Policy Act (NEPA) does not apply.

Sacramento Housing and Redevelopment Commission: The Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item at their meeting on April 15, 2009. Agency staff will report back to the Council on the result of this vote if any no votes are cast.

Rationale for Recommendation: The actions proposed in this report will improve the competitive position of the proposed St. Anton Project for Proposition 1C funding. If all requisite funding is secured, construction of this mixed-use, transit-oriented development would enable the Agency to continue its mission of providing a range of affordable housing opportunities in the City.

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The St. Anton Project is designed to reflect sustainable development principles. Due to the incorporation of Smart Growth Principles, the fact that it will be one of the most dense developments in the Sacramento Region, and that it will facilitate housing creation in areas close to jobs and transit, Township 9 PUD is one of only three projects in the Sacramento region accepted to participate in the U.S. Green Building Council's new Leadership in Energy and Environmental Design ("LEED") certification program for "Neighborhood Design." In addition, development of the St. Anton Project within the adopted Township 9 PUD framework will result in new public access to the American River. This section of waterfront will be developed with a wide range of public amenities including parks, open spaces, bike paths, and community facilities while at the same time strengthening the levee system that protects Downtown Sacramento.

Financial Considerations: The source for the recommended conditional \$3 million loan is City Housing Trust funds. Agency staff will return to the Council for approval of the loan documents after the Developer has secured Proposition 1C funds. At that time, staff will further request that the City Housing Authority authorize the issuance of Mortgage Revenue Bonds in the approximate amount of \$24 million.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Recommendation Approved:

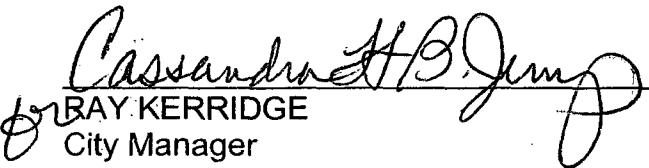

RAY KERRIDGE
City Manager

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Township 9 Affordable Housing Project Background

On November 7, 2006, California voters passed Proposition 1C. The \$2.8 billion Housing and Emergency Shelter Trust Fund Act of 2006 is described in §53540 through §53558 of the Health and Safety Code. Proposition 1C invests \$2.85 billion in bond funds for housing and infrastructure programs intended to produce an estimated 118,000 housing units, 2,350 homeless shelter spaces, and infrastructure projects that help infill housing development such as water, sewer, parks, and transportation improvements.

The Proposition 1C bond-funded Transit Oriented Housing Program (“TOD Housing Program”) has the purpose of providing grants and loans to stimulate the production of higher density housing and related infrastructure within close proximity to qualifying transit stations that encourages increased public transit ridership and minimizes automobile trips. Eligible activities include new construction or substantial rehabilitation of rental housing, conversion of nonresidential structures to residential, and first-time homebuyer mortgage assistance for ownership units in qualified projects. Also eligible are capital improvements required for qualified housing or mixed-use projects, such as sewer or water upgrades, streets, drainage, parking, noise mitigation, and utility access, connection or relocation; capital improvements to enhance pedestrian or bicycle access from a qualified project to the nearest transit station, such as walkways, plazas, mini-parks, traffic signals, streetscape improvements, security enhancements, bicycle lanes and transportation information systems. Eligible applicants include cities, counties, cities and counties jointly, transit agencies, redevelopment agencies, and private developers.

In the case of the St. Anton Project, a proposed \$45 million, 180-unit affordable housing project, developer St. Anton, LLC is the applicant for \$12,775,000 in TOD Housing Program funds.

Proposition 1C’s Infill Infrastructure Grant Program (“Infill Grant Program”) has the purpose of assisting infrastructure projects that support higher-density affordable and mixed-income housing in locations designated as infill with grant funding for eligible activities that includes new construction, rehabilitation, and acquisition of infrastructure required as a condition of or approved in connection with approval of qualified infill projects or qualified infill areas. For Qualifying Infill Projects, eligible applicants include for profit, and non-profit housing developers, localities, public housing authorities, and redevelopment agencies. For Qualifying Infill Areas, eligible applicants include localities, public housing authorities, redevelopment agencies, and Business Improvement Districts as joint applicants with any of the other eligible applicants.

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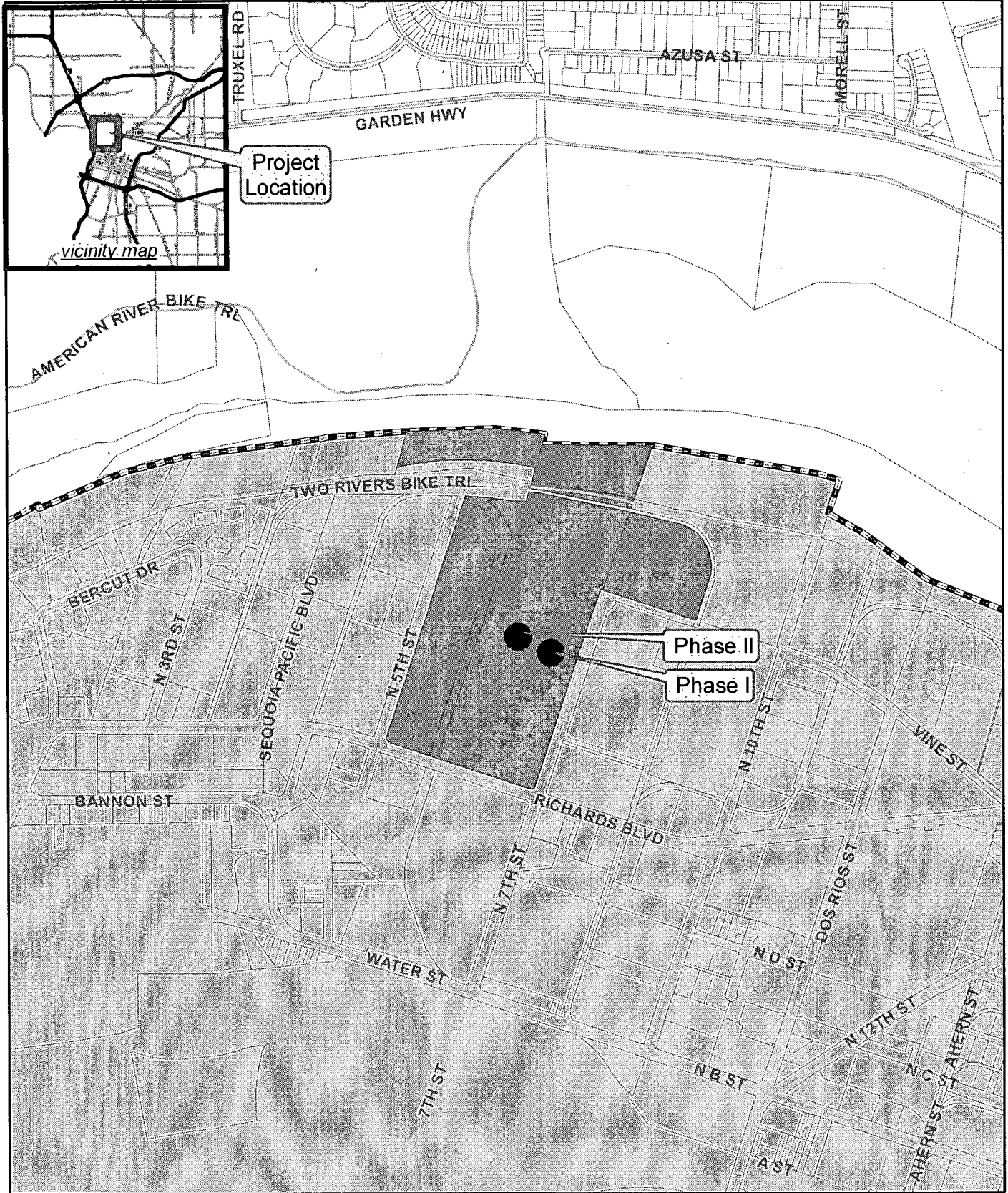
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For the Infill Grant, the private for-profit sponsor of the Township 9 Affordable Housing project is the applicant for \$7,200,000 of infrastructure funds. Total infill grant funding available for this round is \$200 million.

Township 9 is consistent with the General Plan of the City of Sacramento, the River District RDA Implementation Plan, and the Sacramento Area Council of Government's "Blueprint" Plan. All development projects within Township 9 are subject to staff level review and approval by the City's Planning Director. Multi-family developments and retail developments are subject to the Planning Director's Plan Review for consistency with the Township 9 Guidelines. The 1.8 acre project site is located north of Richards Boulevard on North 7th Street and bounded by future streets "D", "E" and "F" of the tentative map.



Township 9 Affordable Housing



 Township 9 Affordable Housing
 River District Redevelopment Area

0 500 1,000 Feet



SHRA GIS
April 1, 2009

RESOLUTION NO. 2009 -

Adopted by the Sacramento City Council

on date of

FUNDING IN SUPPORT OF PROPOSITION 1C APPLICATIONS FOR TOWNSHIP 9 AFFORDABLE HOUSING PROJECT

BACKGROUND

- A. In November 2006, California voters passed Proposition 1C, which authorized \$2.8 billion in bond funds to support housing and infrastructure projects of various types.
- B. Proposition 1C funding offers potential financial support to help achieve objectives envisioned in the River District Redevelopment Project Area Implementation Plan to facilitate transit-oriented development ("TOD") projects.
- C. Private developer St. Anton, LLC ("Developer") proposes to construct a 180-unit affordable housing TOD project on a 1.8-acre site at Township 9 in the River District that is estimated to cost \$45 million ("St. Anton Project").
- D. The Township 9 PUD and related land use entitlements including a Large Lot Tentative Map, a Development Agreement and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report (EIR) was certified on that date. The appeal period expired on September 28, 2007 and no appeals were filed. There have been no intervening actions or changes in circumstances that would change the environmental impacts of this project.
- E. The Project is eligible for Housing Trust Funds and such funds are appropriate for this affordable housing development.
- F. Local financial commitments are needed to assist Township 9 Affordable Housing Development with a financial gap.

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

- Section 1. The foregoing recitals are found to be true and correct and are approved.
- Section 2. The amount of \$3,000,000 is allocated to the St. Anton Project from City Housing Trust funds, and the Agency budget may amend accordingly.
- Section 3. The Sacramento Housing and Redevelopment Agency is authorized to negotiate terms and conditions with the Developer for draft agreements for Agency gap financing, subject to agency counsel approval as to form, and other assistance to the St. Anton Project for future consideration by the Agency's governing boards at their discretion.