

CITY OF YUBA CITY
STAFF REPORT

Date: February 19, 2019
To: Honorable Mayor & Members of the City Council
From: Development Services
Presentation By: Darin Gale, Interim Director

Summary

Subject: Affordable Housing Deferred Loan of up to \$850,000 with the Regional Housing Authority for a 40 Unit Development at the Corner of Garden Highway and Miles Avenue

Recommendation: Authorize the City Manager to Sign a Commitment Letter of a Deferred Loan to the Regional Housing Authority for the New Haven project in an amount not to exceed \$850,000 from the Low-Mod Housing Asset Fund and Home 2 Families Capital & Maintenance Account

Fiscal Impact: Up to \$850,000 -- \$650,000 from the Low-Mod Housing Asset Fund and \$200,000 from Home 2 Families Capital & Maintenance Account

Purpose:

To assist in the production of additional affordable housing in Yuba City.

Background:

The Richland Permanent Supportive Housing Project, also known as New Haven Court, is proposed to be located at 448 Garden Highway on approximately .65 acres of land located at the corner of Garden Highway and Miles Ave. The project includes 40 units of permanent supportive housing, in the form of studios and 1-bedroom apartments, targeted to homeless and mentally disabled individuals from the Yuba Sutter region. The project also includes a unit for an on-site resident manager as well as case management offices for individualized supportive services. On-site amenities include a community room with kitchen, exercise facility, and business center.

Construction is estimated at 12 months, starting in December 2019 and ending in December 2020 if the Authority secures all needed funding. The Regional Housing (Authority) contacted the City and requested financial assistance for their proposed Yuba City New Haven affordable housing project.

Analysis:

In order to finance the New Haven development project, the Authority is applying for a competitive round of federal 9% low income housing tax credits through the California Tax Credit Allocation Committee (TCAC) which will fund a majority of the project and make the project financially viable. TCAC encourages local government agencies to provide financial assistance

to aid in the development and construction of low-income rental housing, and it is expected that the loan from the City will provide the public leverage needed to be more competitive for a tax credit allocation.

The proposed loan from Yuba City would be a “deferred loan” to be paid back using residual revenue (net revenue remaining after all other expenses have been paid), with a 3% simple interest rate and a 55-year amortization period (the interest rate and amortization period are determined by the Low Income Housing Tax Credit LIHTC).

In addition to this loan and tax credit financing, the Authority is providing the land and use of Project Based Section 8 Rental Assistance, and Sutter and Yuba Counties have committed \$2.5 million from No Place Like Home (NPLH) and Mental Health Services Act (MHSA) funds.

In order to fund this proposed loan the City has a few funding sources that could be used to fund the request:

Low-Mod Housing Asset Fund	\$969,455.20
Home 2 Families Capital & Maintenance Account	\$438,310.22 (\$200,000 available for this project)
New Haven Development Impact (AB 1600) & Water and Wastewater Connection Fees	Approximately \$1,350,000

Staff recommends the loan to be funded with \$650,000 from the Low-Mod Housing Asset fund and \$200,000 from the Home 2 Families Capital & Maintenance Account. The Low-Mod Housing Asset Fund is from the City’s purchase of homes located on the north side of Bridge Street for the future widening of the roadway. The homes were originally purchased with Homes 2 Families (H2F) funds for low-income housing. With the purchase of the homes for roadway purposes using Road Impact Fees, the proceeds were set aside into the Low-Mod Housing Asset Fund. The Homes 2 Families Account (H2F) is held by the Regional Housing Authority and was generated through rent payments from tenants. H2F was a city-initiated project where 19 single-family homes were purchased and then managed by the Authority with Low-Mod Housing Asset funds. The City has sold seven of the H2F homes and as a result the H2F capital and maintenance can be reduced by \$200,000. Staff does not recommend loaning funds from AB 1600 Development Impact Fees or Water and Wastewater Connection Fees.

If the project moves forward and it is determined that a deferred loan is required, staff will prepare a loan agreement for Council approval.

Fiscal Impact:

The total cost of the project is \$11,336,865, with a sources and uses table included as Attachment 5. If Council is supportive of providing a deferred loan, staff recommends that up to \$650,000 be allocated from the Low-Mod Housing Asset Fund and \$200,000 from the Home 2 Families Capital Maintenance Account for an amount up to \$850,000. If the Authority is successful in obtaining \$450,000 in Homeless Emergency Aid Program (HEAP) funds, then the loan amount from the City will be reduced to \$400,000.

Alternatives:

1. Do not approve the loan commitment
2. Approve the loan commitment with a different funding recommendation

Recommendation:

Authorize the City Manager to Sign a Commitment Letter of a Deferred Loan to the Regional Housing Authority for the New Haven project in an amount not to exceed \$850,000 from the Low-Mod Housing Asset Fund and Home 2 Families Capital & Maintenance Account

Attachments:

1. 11.16.18 – Regional Housing Authority Funding Request
2. 1.18.19 – Updated Funding Request from the Regional Housing Authority
3. Project Description
4. Proposed Development Project (To be considered by the planning commission on 2.20.19)
5. Sources and Uses Funding Table

Prepared By:

Submitted By:

/s/ Darin E. Gale

Darin E. Gale
Interim Development Services Director

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed by:

Finance

RB

City Attorney

SLC by email

ATTACHMENT 1



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

November 26, 2018

Steven C. Kroeger
City Manager
City of Yuba City
1201 Civic Center Boulevard
Yuba City, CA 95993

Re: New Haven Apartments

Dear Mr. Kroeger:

The Regional Housing Authority, along with its development partners AMG & Associates/Pacific West Communities, Inc., are in the pre-development phase of a 40-unit, new construction, permanent supportive housing project, to be located at the corner of Garden Highway and Miles Avenue. Currently, the project plans have been submitted to the City's Development Services Department for review, and subsequent Planning Commission consideration.

Our agency was very pleased to read the recent article titled "A new era of homebuilding in Yuba City", published in the Appeal-Democrat, where the City recognizes the diversity of housing that is needed in our community, and the willingness to work with developers like ourselves to "make a project work".

The project will be applying and competing for Low-Income Housing Tax Credit (LIHTC) financing in March 2019. Currently, the project has financial commitments from Sutter and Yuba Counties totaling over \$2.5 million. Additionally, the Housing Authority has committed the land, and the use of HUD project-based rental assistance. However, the project has a financial gap of \$400,000.

The estimated fees due to the City, for development impact fees, building permits, and water and sewer connection fees total approximately \$1,350,000. We respectfully request that \$400,000 from this total be loaned to the project as a deferred residual receipts loan to assist the project in closing the financial gap, and making it more competitive for LIHTC financing, with the City loan.

To comply with LIHTC regulations, the loan would be structured under the following terms:

- \$400,000 principal loan amount
- Simple interest not to exceed 3%
- Loan payments due annually if there are sufficient residual receipts
- 55 year term



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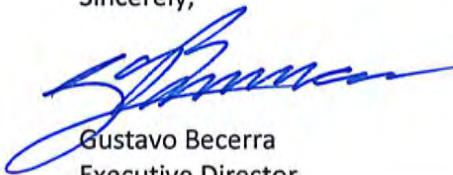
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We would be happy to meet with you and/or your staff to further discuss our proposal. Please contact me at your earliest convenience to set up a time. I can be reached at (530) 671-0220 ext. 113, or by email at g.becerra@regionalha.org.

I look forward to hearing from you soon.

Sincerely,



Gustavo Becerra
Executive Director

ATTACHMENT 2



REGIONAL HOUSING AUTHORITY

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www.RegionalHA.org

January 18, 2019

Steven C. Kroeger
City Manager
City of Yuba City
1201 Civic Center Boulevard
Yuba City, CA 95993

Re: New Haven Apartments

Dear Mr. Kroeger:

Thank you for meeting with me on December 20, 2018. I very much appreciate your time. Per our discussion with you and Mr. Darin Gale, this letter serves as a follow up to the letter dated November 26, 2018, revising the financial request to a new total of \$850,000, to cover the total financial gap of the project. As you know, we are applying to the Yuba Sutter Homeless Consortium for \$450,000 in HEAP (Homeless Emergency Aid Program) funding. If the project is awarded HEAP funding, our request remains at \$400,000, however, if no HEAP funds are awarded, we discussed funding the \$850,000 gap through a combination of funds held in reserve by the Regional Housing Authority for the Homes2Families Program, and funds held by the City in the Low- and Moderate-Income Housing Asset Fund.

I would be happy to answer any questions you or Mr. Gale may have or provide any additional information you may need. Per our discussion last month, it is our understanding that the staff recommendation to the City Council will be on a February 2019 Council meeting, as your January agenda was already established. Our application to the California Tax Credit Allocation Committee is due March 4, 2019, therefore a letter of commitment for our application would be ideal about a week prior, giving us enough time to package the application for submission.

Please feel free to call or email at any time, I can be reached at (530) 671-0220 ext. 113, or by email at g.becerra@regionalha.org.

I look forward to hearing from you and partnering with the City on this project.

Sincerely,

Gustavo Becerra
Executive Director

ATTACHMENT 3

RICHLAND PERMANENT SUPPORTIVE HOUSING PROJECT DESCRIPTION

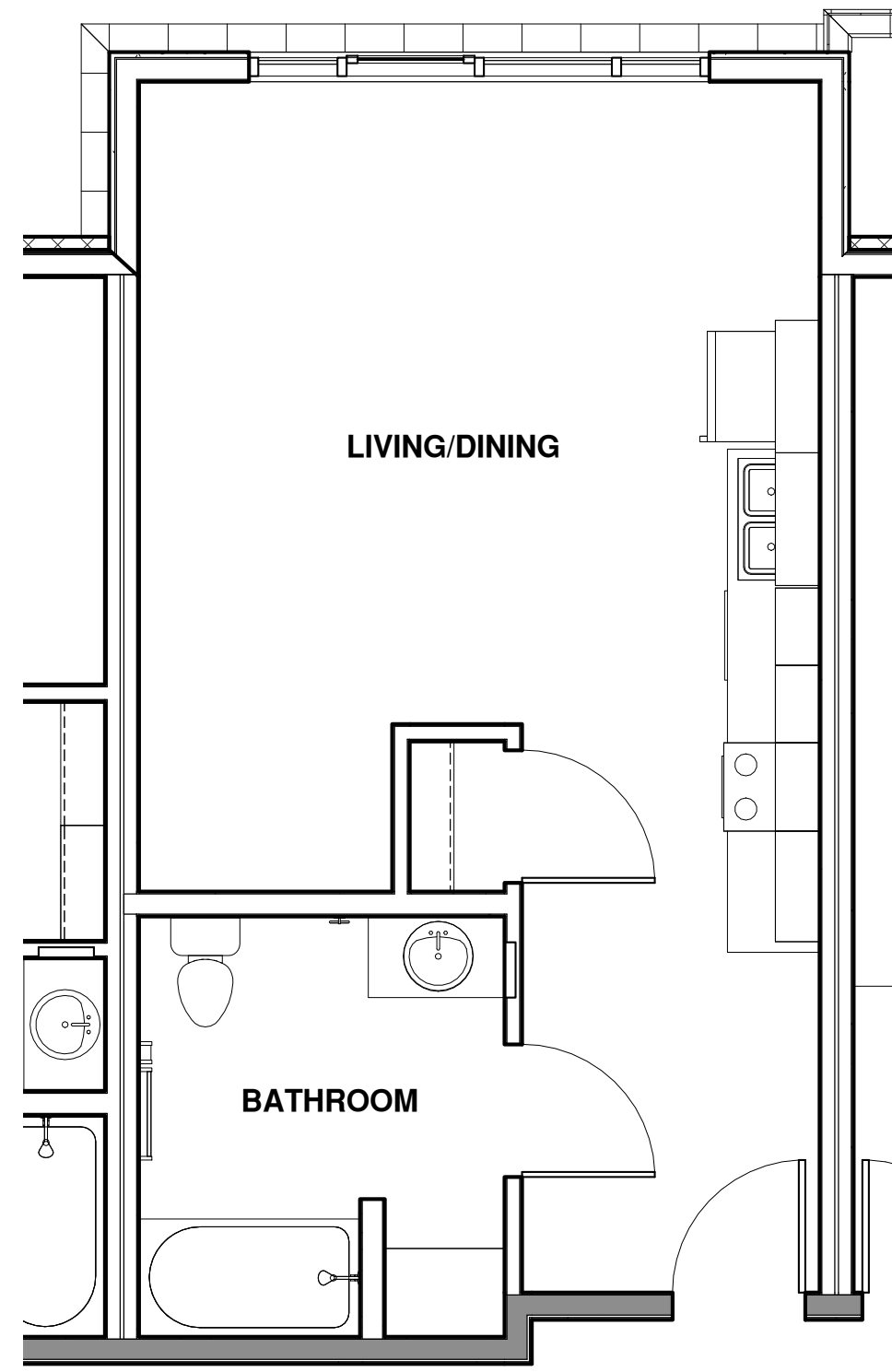
The Richland Permanent Supportive Housing Project (Project) represents a new construction rental development located at 448 Garden Highway in Yuba City. The Project will consist of 40-45 units of permanent supportive housing targeted to homeless and mentally disabled individuals. One additional unit will be reserved for an on-site resident manager. The Project will also include on-site case management offices in which individualized supportive services will be provided to the residents with the intent of helping them restore their lives. On-site amenities to include a community room with kitchen, exercise facility and business center. The Project unit mix will consist of studios and 1-bedroom apartments.

The Project will be financed using a variety of sources including 9% tax credit financing, funding from the No Place Like Home program (NPLH), funding from the Mental Services Health Act program (MHSA), and a land loan from the Regional Housing Authority. The Project will also include 100% Project Based Section 8 Rental Assistance. We expect all of these resources to be awarded by Summer 2018.

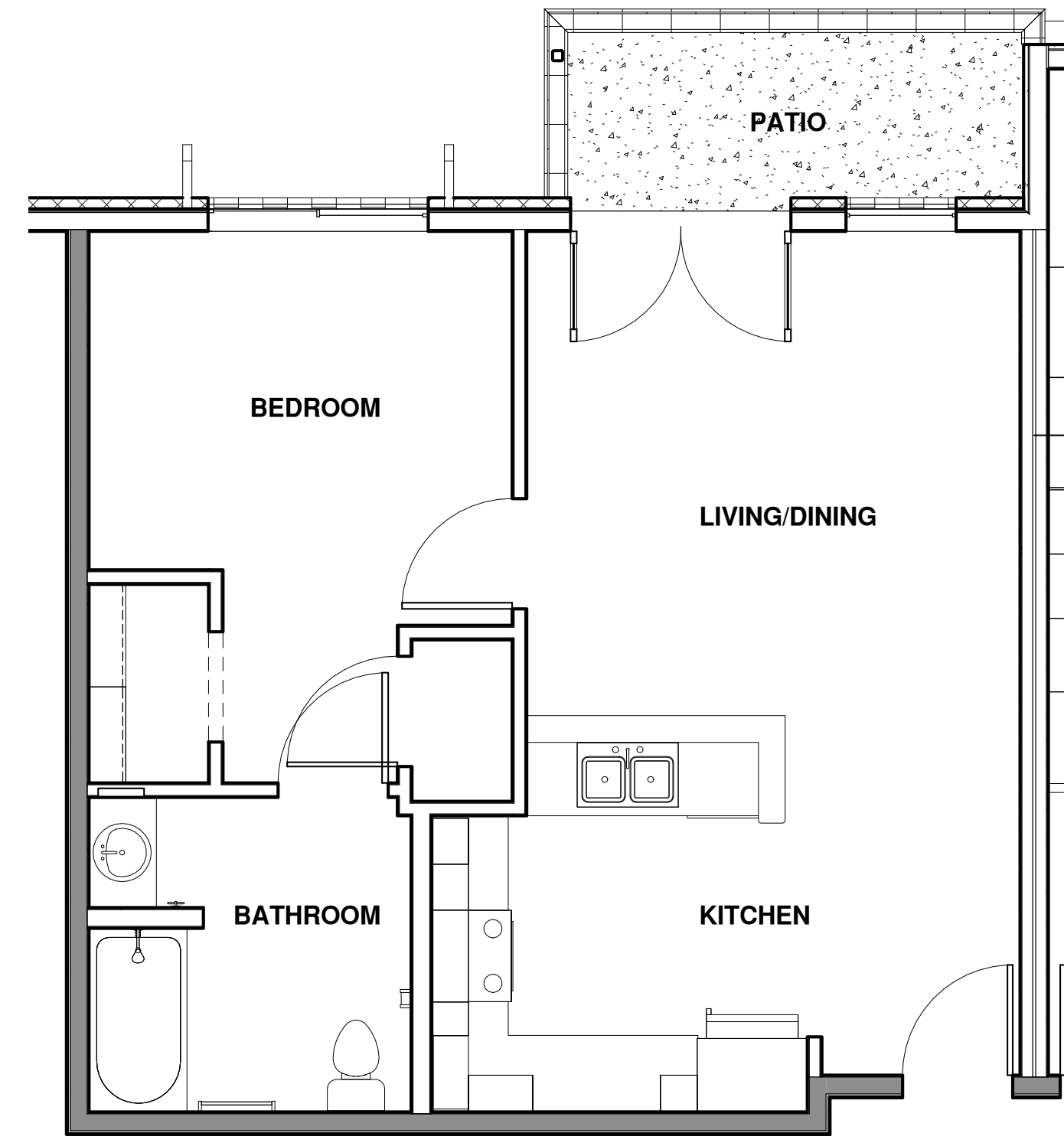
Upon successful receipt of the above listed funding, construction would be slated to begin in Winter 2018 with units being available for occupancy in Winter 2019.

The Project Co-Sponsors will be the Regional Housing Authority and Pacific West Communities Inc.

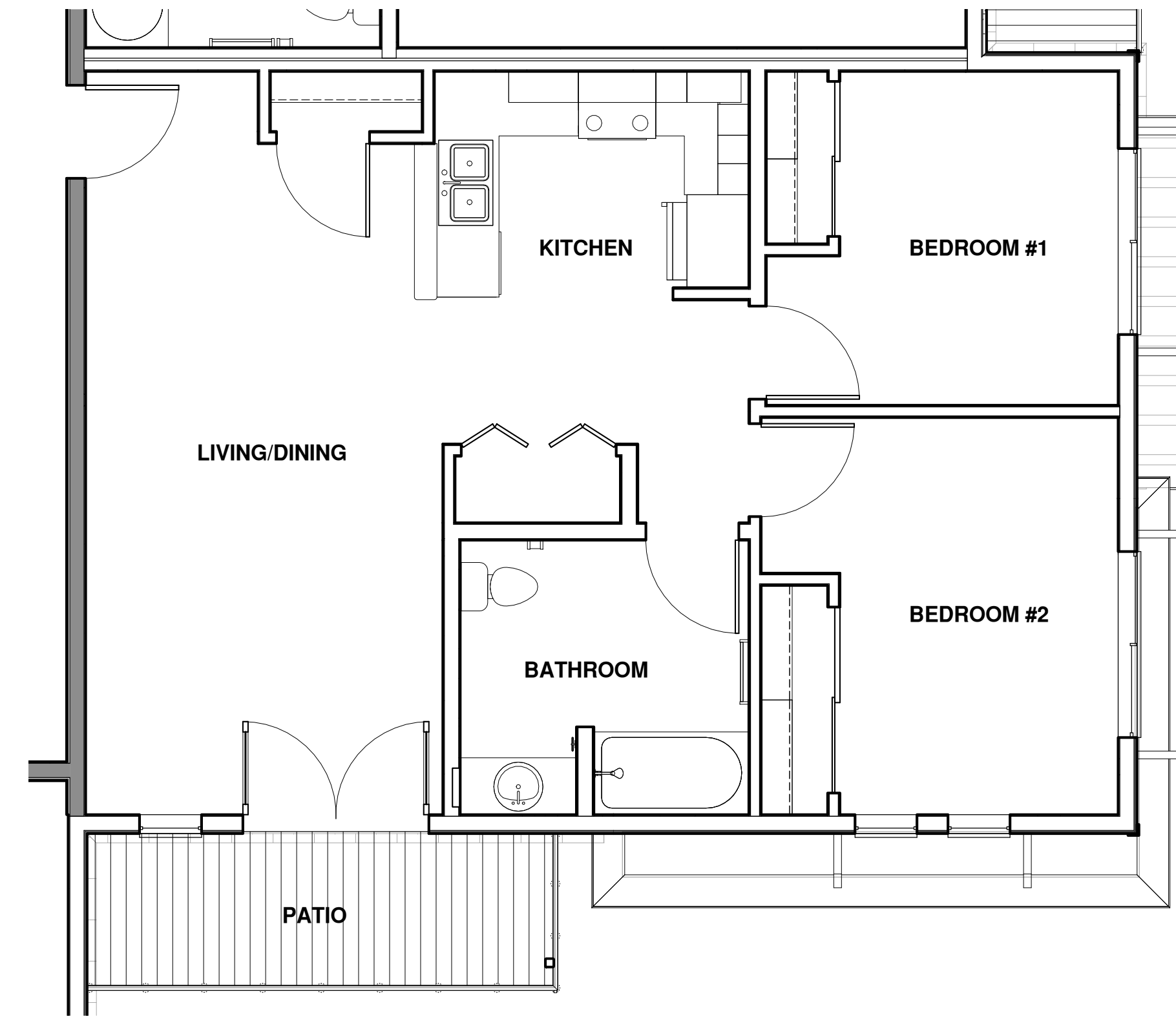
ATTACHMENT 4



① STUDIO UNIT PLAN - 435 S.F.
1/4" = 1'-0"



② ONE BEDROOM UNIT PLAN - 607 S.F.
1/4" = 1'-0"



③ TWO BEDROOM UNIT PLAN - 799 S.F.
1/4" = 1'-0"

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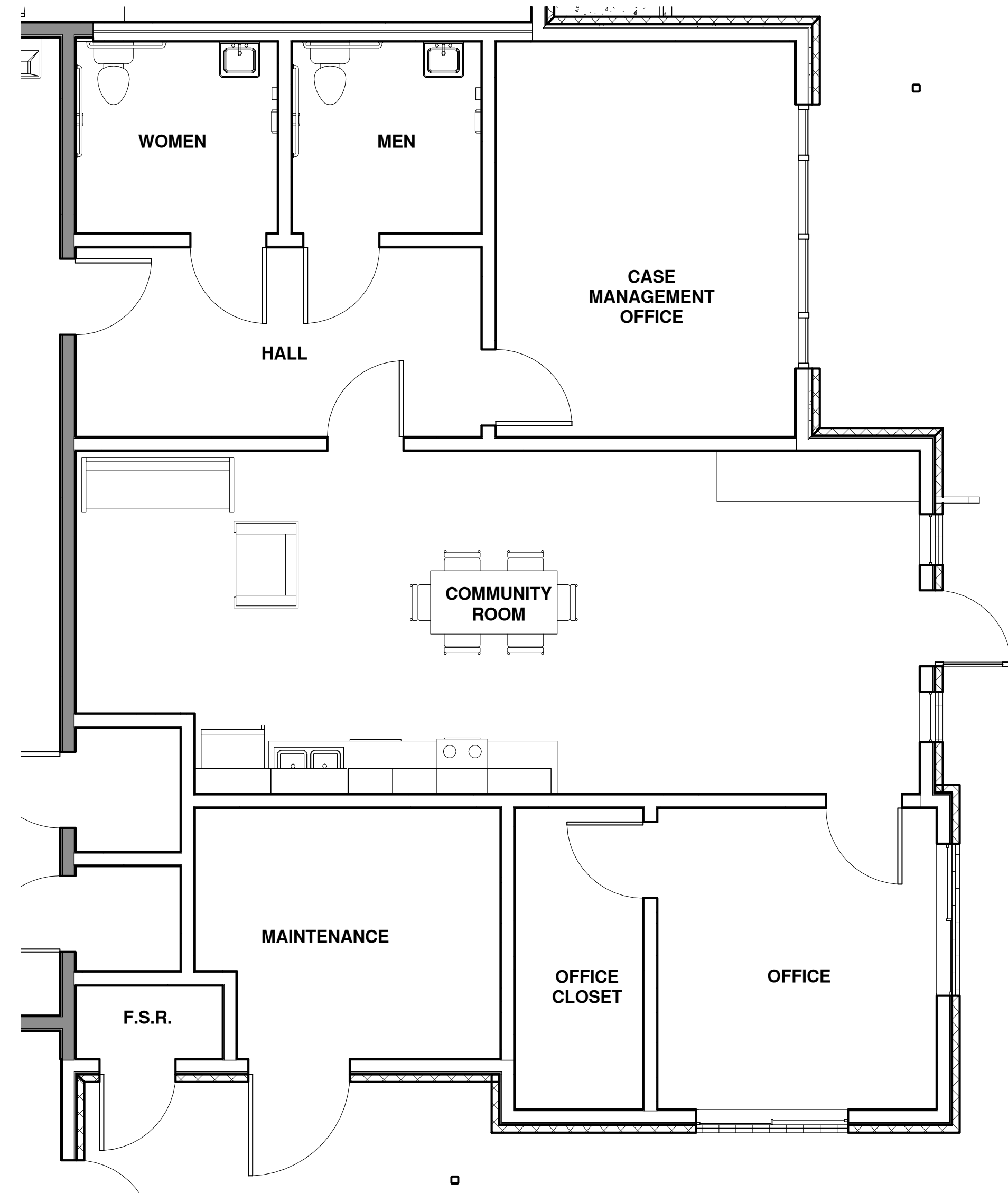
PROJECT

NEW HAVEN COURT

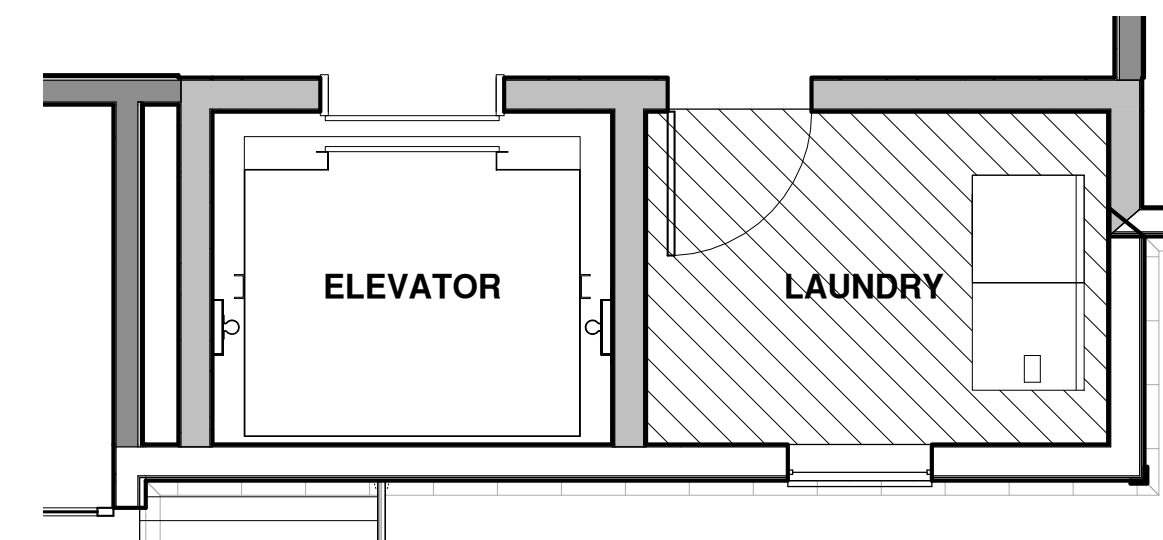
CORNER OF GARDEN HIGHWAY & MILES AVENUE
YUBA CITY, CA

_A2.1

SCHEMATIC SET / NOT FOR CONSTRUCTION



① COMMUNITY CENTER PLAN
1/4" = 1'-0"



② LAUNDRY - 2ND & 3RD FLOOR
1/4" = 1'-0"

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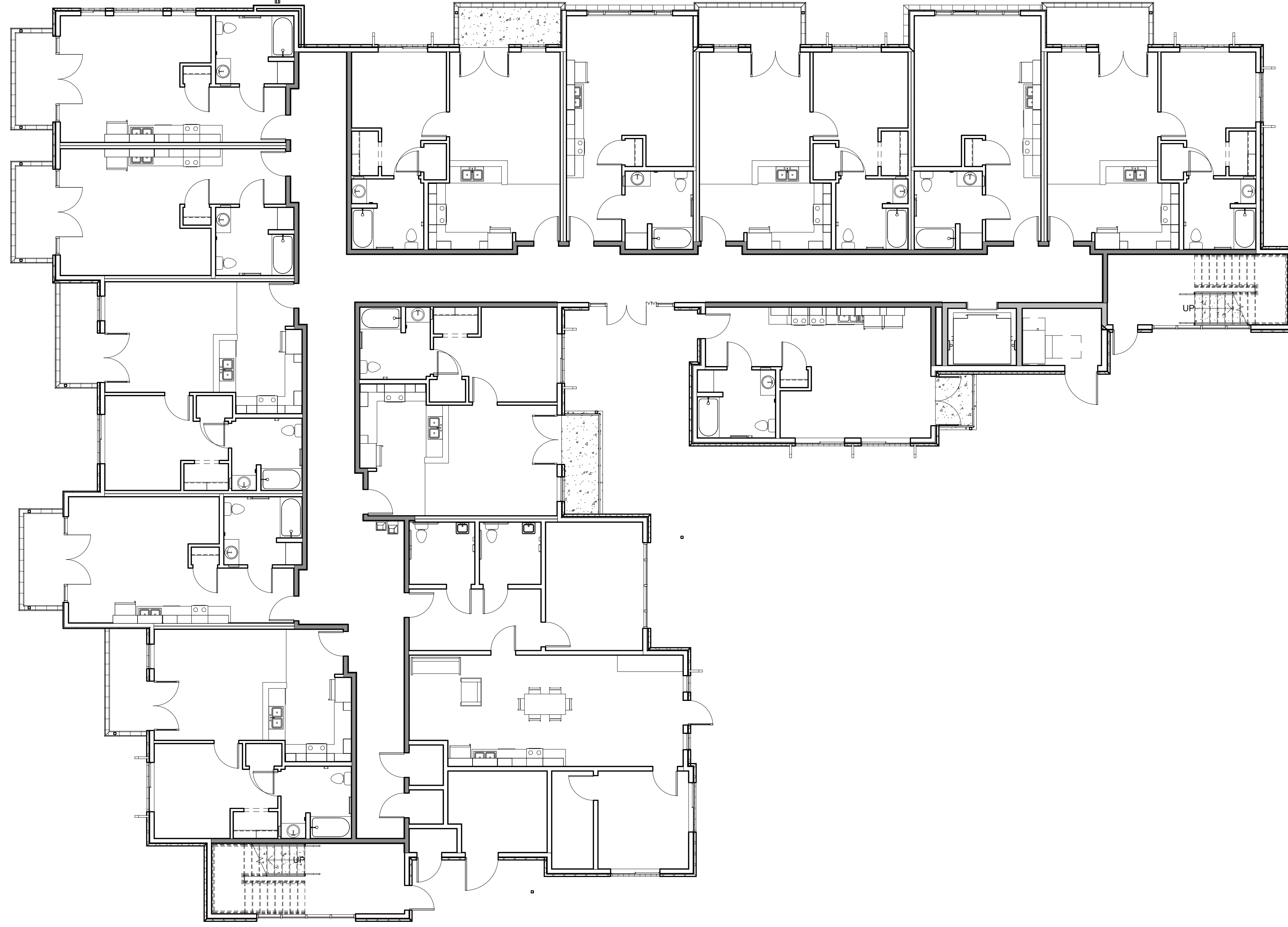
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_A2.2

SCHEMATIC SET / NOT FOR CONSTRUCTION

1 1ST FLOOR PLAN
1/8" = 1'-0"

A4.1 1



A4.1
2

1 A4.2

2
A4.2

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A3.1A

SCHEMATIC SET / NOT FOR CONSTRUCTION

1 2ND FLOOR PLAN
1/8" = 1'-0"

_A4.1 1



_A4.1
2

_A4.2
2

1
_A4.2

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_A3.1B

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① 3RD FLOOR PLAN
1/8" = 1'-0"

_A4.1 1



_A4.1
2

2
_A4.2

1
_A4.2

_A3.1C

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NEW HAVEN COURT

CORNER OF GARDEN HIGHWAY & MILES AVENUE

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1 WEST ELEVATION
1/8" = 1'-0"



2 NORTH ELEVATION
1/8" = 1'-0"

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① EAST ELEVATION
1/8" = 1'-0"



② SOUTH ELEVATION
1/8" = 1'-0"

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WEST ELEVATION



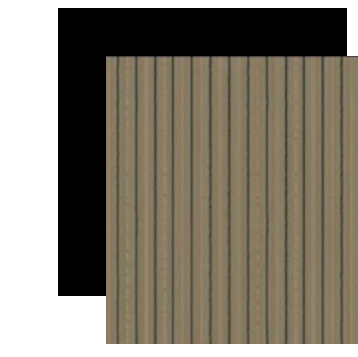
SIDING - 6" REVEAL

COLOR TO MATCH SHERWIN WILLIAMS SW 7547 "SANDBAR"



SIDING - 9" REVEAL

COLOR TO MATCH SHERWIN WILLIAMS SW 7502 "DRY DOCK"



SIDING & ROOFING - CORRUGATED

COLOR TO MATCH BERRIDGE "BUCKSKIN"



NORTH ELEVATION



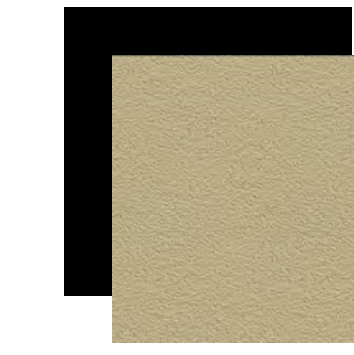
CMU - GROUND FACE

COLOR TO MATCH BASALITE "WALNUT" #655



FASCIA, WINDOW TRIM, COPING CAP

COLOR TO MATCH JAMES HARDIE "ARTIC WHITE"



STUCCO

COLOR TO MATCH SHERWIN WILLIAMS SW 7694 "DROMEDARY CAMEL"



EAST ELEVATION



SOUTH ELEVATION

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_A5.1

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LOOKING NORTH EAST FROM GARDEN HIGHWAY AND MILES AVENUE

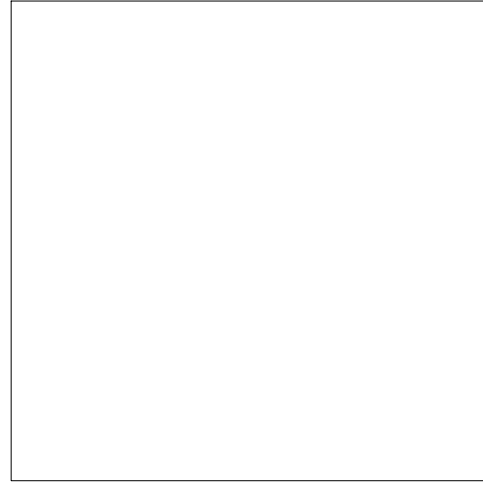
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NEW HAVEN COURT

CORNER OF GARDEN HIGHWAY & MILES AVENUE
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_A6.1

ATTACHMENT 5

SOURCES & USES**New Haven Court
Yuba City, CA****CONSTRUCTION PHASE**

<u>Sources of Funds</u>	
Tax Credit Financing	\$ 1,484,809
Housing Authority Loan	\$ 418,440
MSHA & No Place Like Home	\$ 2,644,381
HEAP	\$ 450,000
City Fee Deferral	\$ 400,000
Other	\$ -
Deferred Costs	\$ 500,802
Deferred Contractor Profit	\$ -
Deferred Developer Fee	\$ 1,379,443
Construction Loan	\$ 4,058,990
Total Sources of Funds	\$ 11,336,865

PERMANENT PHASE

<u>Sources of Funds</u>	
Total Tax Credit Financing	\$ 7,424,044
Permanent Loan	\$ -
Housing Authority Loan	\$ 418,440
MSHA & No Place Like Home	\$ 2,644,381
HEAP	\$ 450,000
City Fee Deferral	\$ 400,000
Other	\$ -
Other	\$ -
Other	\$ -
Deferred Developer Fee	\$ -
Total Sources of Funds	\$ 11,336,865

Uses of Funds

<u>Uses of Funds</u>	
Total Land Costs	\$ 400,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 6,120,747
Construction Contingency	\$ 244,400
Financing Costs	\$ 267,272
Architecture & Engineering	\$ 500,000
Other Soft Costs	\$ 1,824,201
Developer Fees	\$ 1,379,443
Soft Cost Contingency	\$ 100,000
Reserves	\$ 500,802
Total Uses of Funds	\$ 11,336,865

Uses of Funds

<u>Uses of Funds</u>	
Total Land Costs	\$ 400,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 6,120,747
Construction Contingency	\$ 244,400
Financing Costs	\$ 267,272
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