

CITY OF YUBA CITY
STAFF REPORT

Date: June 4, 2019
To: Honorable Mayor & Members of the City Council
From: Development Services
Presentation By: Darin Gale, Interim Development Services Director

Summary

Subject: Affordable Housing Funding Request for the Regional Housing Authority for a 40 Unit Development at the Corner of Garden Highway and Miles Avenue

Recommendation: Provide staff with direction regarding the Regional Housing Authority funding request

Fiscal Impact: \$800,000 from the Low-Mod Housing Asset Fund and \$200,000 from Home 2 Families Capital & Maintenance Account for a total amount of \$1,000,000 for the proposed project

Purpose:

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

Background:

On May 21, 2019 the City Council discussed this item and requested the item be continued to the June 4, 2019 City Council meeting. The City and County will hold a joint City Council/Board of Supervisors meeting regarding homeless on May 31. At the joint meeting Sutter County will present the current status of the Sutter County Homeless shelter proposed for Live Oak Blvd and the Council will have a better understanding of the financial needs of the project.

On February 19, 2019, the City Council awarded \$400,000 in capital funds for the New Haven Court affordable housing project. The developer (RHA and Pacific West Communities make up the Limited Partnership: Yuba City PSH Pacific Associates) applied for competitive Low-Income Housing Tax Credit (LIHTC) financing and the application was not competitive enough for an award. Other projects in the region scored higher, as they had a higher amount of local government financing for leverage. In order to strengthen the LIHTC application and be more competitive, the developer must apply for less LIHTC financing, and have more leveraged financing.

The issue is not to close a financial gap, but rather to be more competitive against other projects in the region. Funding for affordable housing is scarce and very competitive, and in order to bring projects into the community, more leveraged financing is necessary per project.

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. Preferences will be given to homeless military veterans in the community, and homeless persons living and/or working in the Yuba-Sutter region.

Next round of LIHTC applications are due July 1, 2019. If tax-credits are awarded in September 2019, construction is estimated at 12-14 months, starting in March 2020 and ending approximately in April 2021 if the developer secures all needed funding.

Analysis:

In order to finance the New Haven development project, the developer 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 funding from the City will provide the public leverage needed to be more competitive for a tax credit allocation.

In addition to this funding request and tax credit financing, the Regional Housing Authority is providing the land and use of Project Based Section 8 Rental Assistance, and Sutter and Yuba Counties have committed \$2.6 million from No Place Like Home (NPLH) and Mental Health Services Act (MHSA) funds. Additionally, the Sutter-Yuba Homeless Consortium awarded the project \$450,000 in capital funds, and the Yuba City Unified School District awarded the project \$56,278 as a deferred fee residual receipts loan.

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	\$442,033.95 (\$200,000 available for this project)
New Haven Development Impact (AB 1600) & Water and Wastewater Connection Fees	Approximately \$1,350,000

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 Regional Housing 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.

Low-Mod Housing Asset Fund can be used for new deed restricted affordable housing projects and construction of homeless shelters. The funds cannot be used for routine maintenance or general operations of affordable housing projects or homeless shelters. In addition to the current balance of the Low-Mod Housing Asset Fund the City will be required to repay the fund when the remaining homes purchased along Bridge Street are demolished for the widening project. The exact value of those homes have not been determined but it is estimated to be approximately \$500,000.

In order for the City's funds to improve the project's grant application the funds are require to be a "deferred loan." The loan would 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 CA Tax Credit Allocation Committee (CTCAC). If the Council awards funds to this project it can do so in one of two ways. The funds can be loaned directly to the project or granted to the Regional Housing Authority. If the Councils grants the funds to the Housing Authority, the Housing Authority will then enter into a "deferred loan" agreement with the developer and any residual revenue would go back to the Housing Authority.

Fiscal Impact:

\$800,000 from the Low-Mod Housing Asset Fund and \$200,000 from Home 2 Families Capital & Maintenance Account for a total amount of \$1,000,000 for the proposed project

Alternatives:

1. Do no approve the Regional Housing Authorities Request
2. Approve the Regional Housing Authorities Request at a Lower Rate

Recommendation:

Provide staff with direction regarding the Regional Housing Authority funding request

Attachments:

1. Project Description
2. Proposed Development Project (Approved by the planning commission on 2.20.19)
3. Sources and Uses Funding Table (updated 4.29.19)

Prepared By:

/s/ Darin Gale

Darin Gale
Interim Development Services Director

Submitted By:

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed By:

Finance
City Attorney

RB
SLC by email

ATTACHMENT 1

RICHLAND PERMANENT SUPPORTIVE HOUSING PROJECT DESCRIPTION

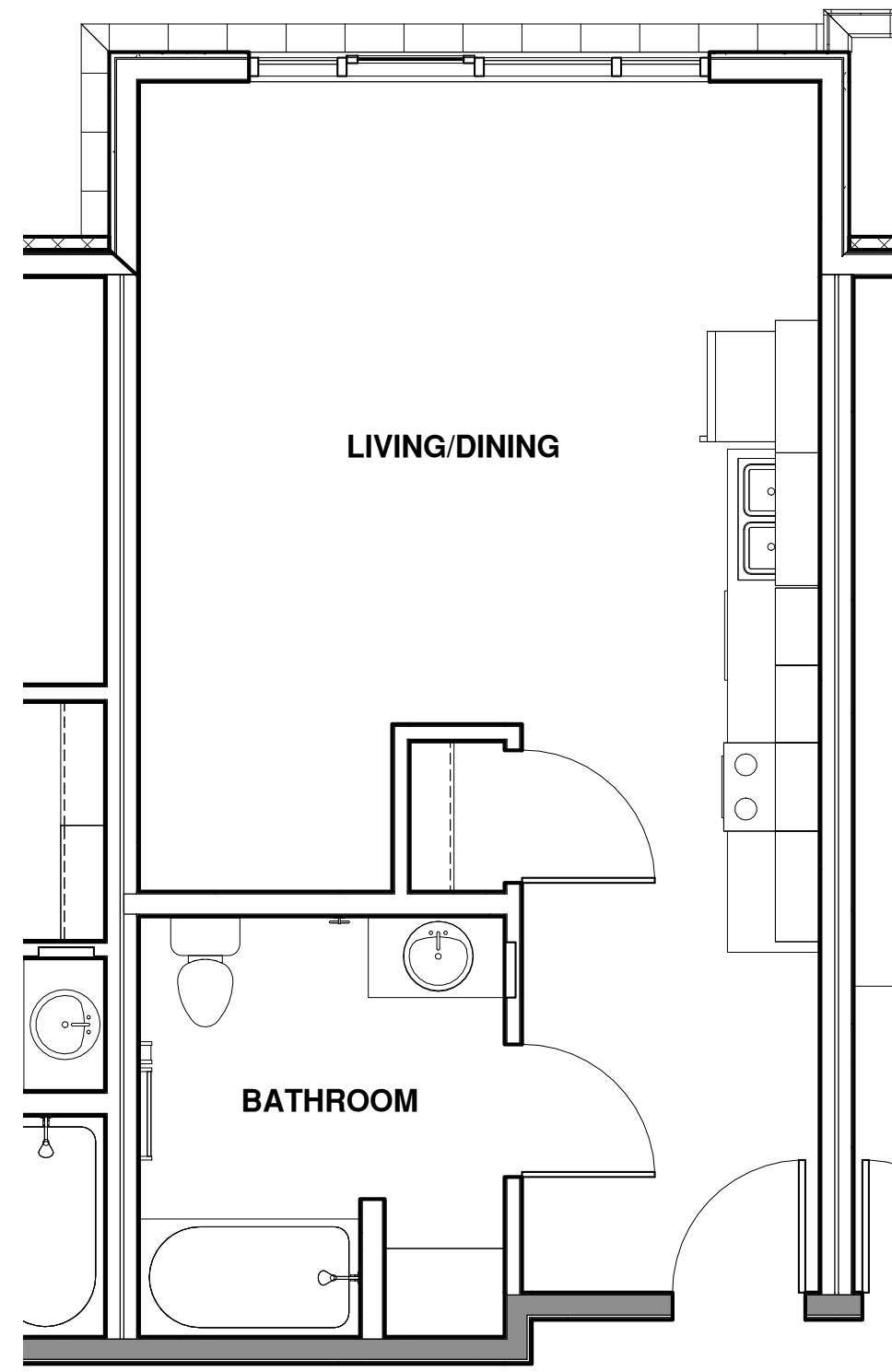
The Richland Permanent Supportive Housing Project (Project) represents a new construction rental development located at 448 Garden Highway in Yuba City. The Project will consist of 40-45 units of permanent supportive housing targeted to homeless and mentally disabled individuals. One additional unit 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.

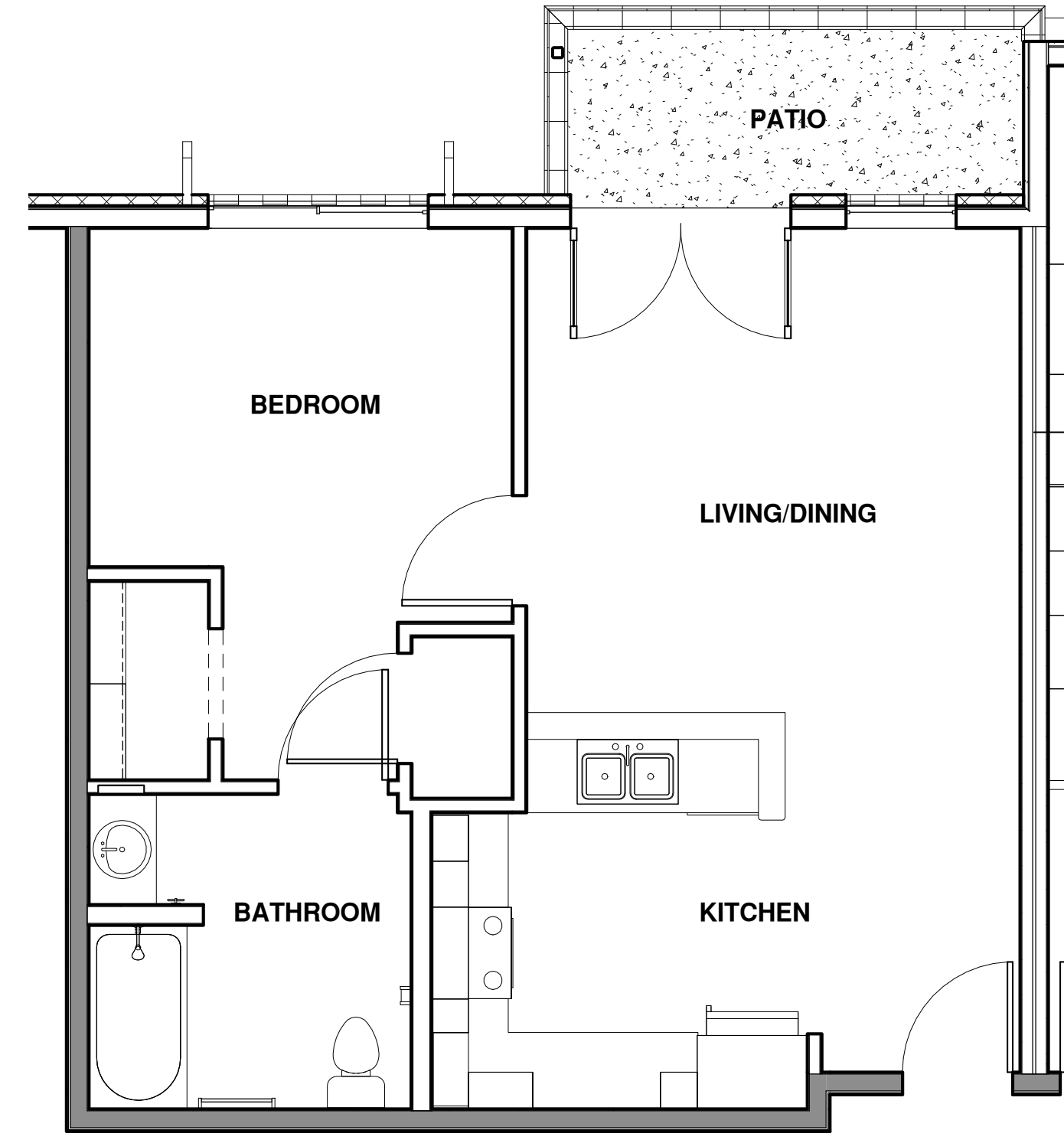
Upon successful receipt of the above listed funding, construction would be slated to begin in Winter 2018 with units being available for occupancy in Winter 2019.

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

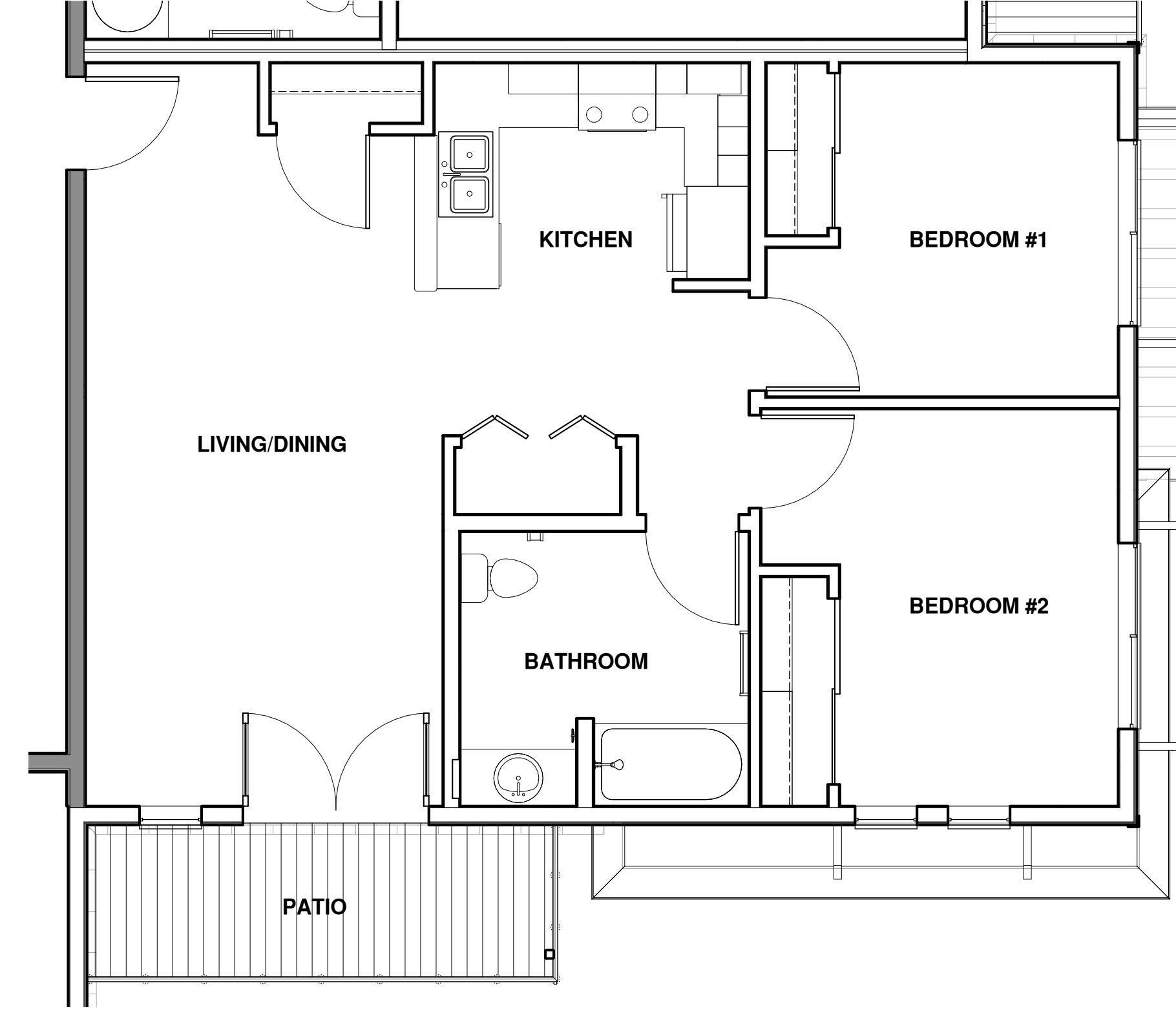
ATTACHMENT 2



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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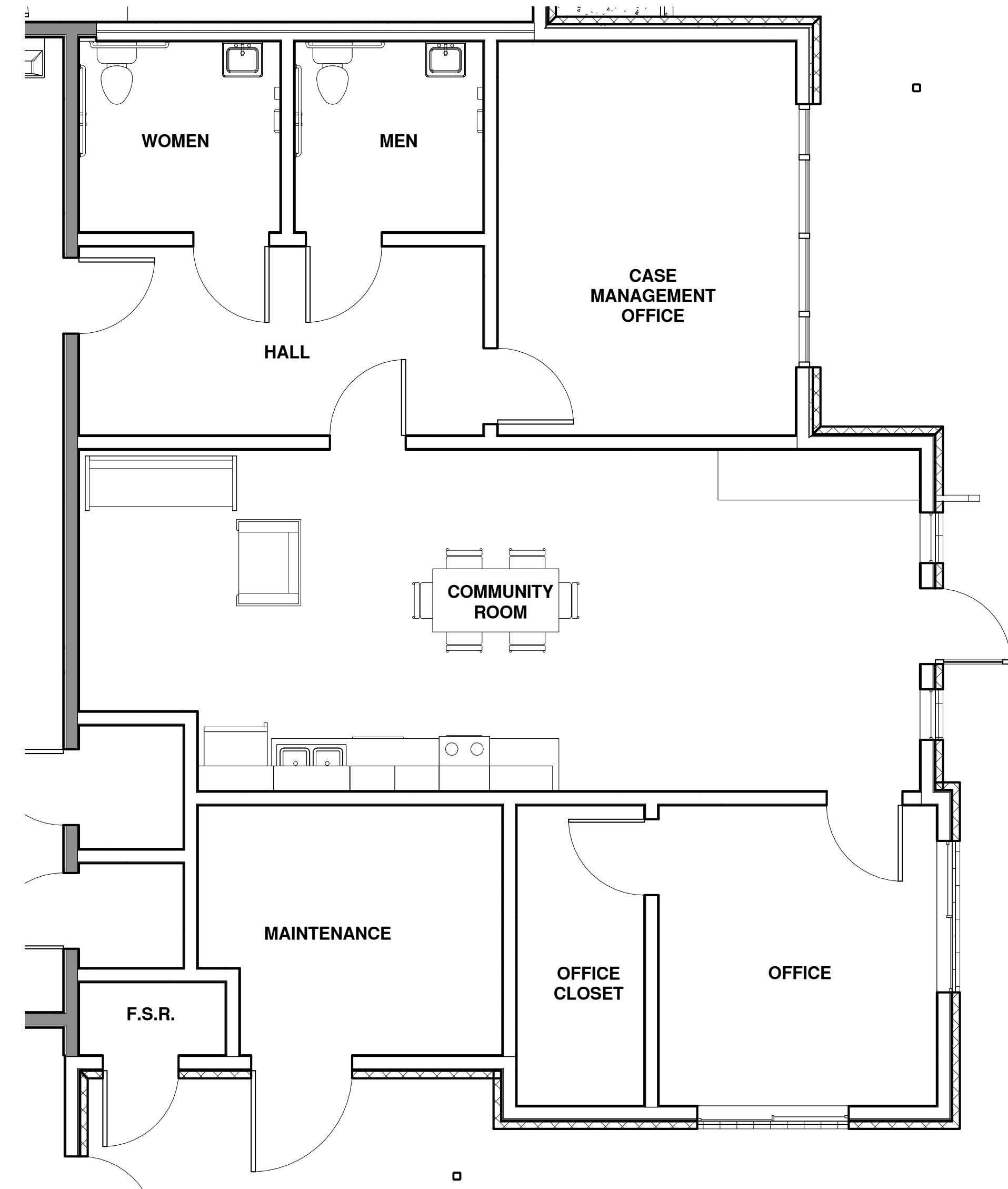
PROJECT

NEW HAVEN COURT

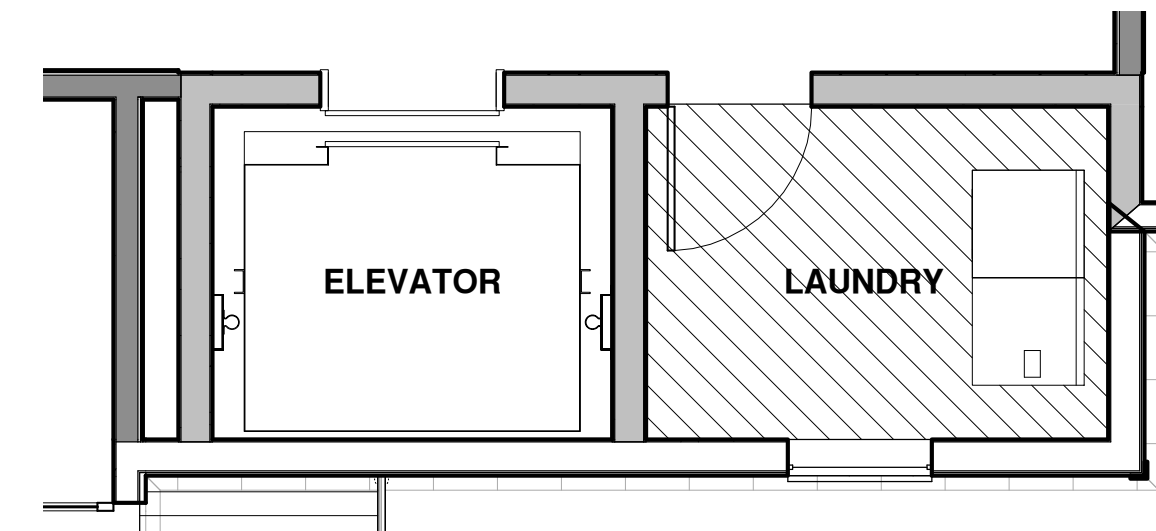
CORNER OF GARDEN HIGHWAY & MILES AVENUE
YUBA CITY, CA

_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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_A2.2

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



A4.2 2

A4.1 2

A4.2 1

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① 3RD FLOOR PLAN
1/8" = 1'-0"

_A4.1 1



_A4.1
2

1
_A4.2

2
_A4.2

_A3.1C

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① WEST ELEVATION
1/8" = 1'-0"



② NORTH ELEVATION
1/8" = 1'-0"

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T.O. L3 PLATE
30' - 4 5/8"

T.O. L3 GYP. C.
20' - 4 1/4"

B.O. L2 JOIST
19' - 2 7/8"

T.O. L2 GYP. C.
10' - 2 1/2"

B.O. JOIST
9' - 1 1/8"

T.O. CONCRETE
0' - 0"

① EAST ELEVATION
1/8" = 1'-0"



T.O. L3 PLATE
30' - 4 5/8"

T.O. L3 GYP. C.
20' - 4 1/4"

B.O. L2 JOIST
19' - 2 7/8"

T.O. L2 GYP. C.
10' - 2 1/2"

B.O. JOIST
9' - 1 1/8"

T.O. CONCRETE
0' - 0"

② SOUTH ELEVATION
1/8" = 1'-0"

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_A4.2



WEST ELEVATION



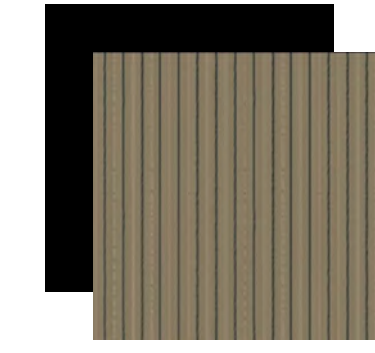
SIDING - 6" REVEAL

COLOR TO MATCH SHERWIN WILLIAMS SW 7547 "SANDBAR"



SIDING - 9" REVEAL

COLOR TO MATCH SHERWIN WILLIAMS SW 7502 "DRY DOCK"

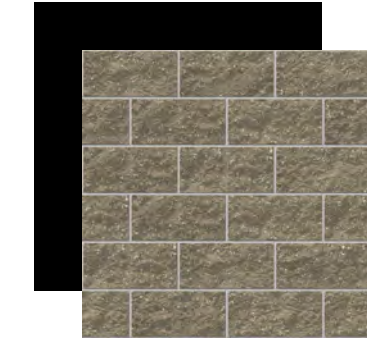


SIDING & ROOFING - CORRUGATED

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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LOOKING NORTH EAST FROM GARDEN HIGHWAY AND MILES AVENUE

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CORNER OF GARDEN HIGHWAY & MILES AVENUE

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ATTACHMENT 3

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

Sources of Funds	
Tax Credit Financing	\$ 1,622,683
Housing Authority Loan	\$ 578,440
MSHA & No Place Like Home	\$ 1,547,676
HEAP	\$ 677,000
City Capital Loan	\$ 1,000,000
School Fee Loan	\$ 56,278
Deferred Costs	\$ 781,867
Deferred Contractor Profit	\$ -
Deferred Developer Fee	\$ 1,548,964
Construction Loan	\$ 5,256,605
Total Sources of Funds	\$ 13,069,513

Uses of Funds	
Total Land Costs	\$ 765,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 6,792,953
Construction Contingency	\$ 350,000
Financing Costs	\$ 313,269
Architecture & Engineering	\$ 600,000
Other Soft Costs	\$ 1,817,460
Developer Fees	\$ 1,548,964
Soft Cost Contingency	\$ 100,000
Reserves	\$ 781,867
Total Uses of Funds	\$ 13,069,513

PERMANENT PHASE

Sources of Funds	
Total Tax Credit Financing	\$ 8,113,414
Permanent Loan	\$ -
Housing Authority Loan	\$ 578,440
MSHA & No Place Like Home	\$ 2,644,381
HEAP	\$ 677,000
City Capital Loan	\$ 1,000,000
Other	\$ -
Other	\$ -
Other	\$ -
School Fee Loan	\$ 56,278
Total Sources of Funds	\$ 13,069,513

Uses of Funds	
Total Land Costs	\$ 765,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 6,792,953
Construction Contingency	\$ 350,000
Financing Costs	\$ 313,269
Architecture & Engineering	\$ 600,000
Other Soft Costs	\$ 1,817,460
Developer Fees	\$ 1,548,964
Soft Cost Contingency	\$ 100,000
Reserves	\$ 781,867
Total Uses of Funds	\$ 13,069,513