

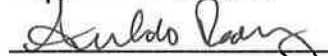


REPORT TO CITY COUNCIL

Approved by:



Department Director



Arnaldo Rodriguez, City Manager

Council Meeting of: January 30, 2019

Agenda Number: C-1

SUBJECT: Consideration of a Resolution Authorizing Application for the Affordable Housing and Sustainable Communities Program and Authorizing the City Manager to Execute All Program Documents on Behalf of the City

and

Consideration of a Resolution Setting Development Impact Fees for the Downtown Veterans and Family Housing Project at \$257,472 and Authorizing the City Engineer to Reimburse the Project Developer for the Actual Cost of Off-site Improvements Not to Exceed \$90,000

RECOMMENDATION: Staff recommends that the City Council (Council) take the following actions in support of the Downtown Veterans and Family Housing Project ("the Project") and the associated application for funding through the Affordable Housing and Sustainable Communities (AHSC) Program:

1. Adopt a resolution authorizing the City to apply as a co-applicant for the AHSC Program and authoring the City Manager to execute all required program documents.
2. Adopt a resolution setting development impact fees for the Project at \$257,472 and authorizing developer reimbursements for off-site improvements not to exceed \$90,000.

SUMMARY:

Madera Opportunities for Resident Enrichment and Services, Inc (MORES) is proposing to develop a total of 48 affordable housing units at the intersection of North "C" Street and 5th Street in downtown Madera. MORES is preparing an application to fund the project through the AHSC Program. Projects successfully funded through this program must also include a set of transit, pedestrian, and bicycling improvements that are intended to support reduced reliance on personal automobiles. Adoption of a resolution authorizing the City to function as co-applicant for the AHSC grant is recommended to facilitate the implementation of these improvements.

A second resolution is also recommended to address City-related development costs associated with the Project. This resolution proposes to set the development impact fee amount that will be due for the Project at \$257,472. The resolution also authorizes reimbursement to MORES for a portion of the off-site public improvements and utilities it will be constructing in an amount not to exceed \$90,000. These actions help make the project financially viable and minimize the risk that City-related costs will increase before the building permits for the housing units are issued.

DISCUSSION:

The Project is a proposed 48-unit affordable housing development for extremely-low to low-income households earning between 30% and 60% of the area median income. The project is located in downtown Madera at the intersection of North "C" and 5th Streets. The housing development includes two three-story buildings with a unit mix of 18 studios, 10 one-bedrooms, 12 two-bedrooms, 8 three-bedrooms, and a manager's unit. The project will include seven units as supportive housing and utilize services from Madera County Behavioral Health.

Multi-Agency Collaboration and Support for the Project

City officials, together with representatives from the Successor Agency and Housing Authority, convened with multiple community partners in the summer of 2018 to begin discussions and planning for the development of a potential AHSC grant proposal. All parties agreed to pursue the funding source for an affordable veterans and family housing development project. Since the initiation of these work sessions, community support has increased and the number of partners participating in Project development and planning has grown.

Prior Action Regarding the Sale of City-owned Property

On October 10, 2018, the City and MORES entered into an Option Agreement and a Sales Agreement allowing MORES the exclusive right to purchase two City-owned parcels at 200 and 204 N. "C" Street. A total of 28 units are proposed on these properties. If AHSC grant funding is successfully obtained, MORES will exercise the option and purchase the property for \$90,000. If for any reason the housing units are not constructed, the agreements allow the City to buy the property back at the same price.

Sustainable Transportation Improvements and Transportation Related Amenities

In addition to the 48 affordable units, the overall project includes the construction of more than \$3.6 Million in sustainable transportation improvements (STIs) and transportation related amenities (TRAs). Successful applications for AHSC grant funding must include proportional amounts of funding to construct and install TRAs and STI's. For the Project, the STIs and TRAs include a series of transit, pedestrian and bicycling amenities as described in Attachment 3. The improvements recommended for funding are based on the eligibility criteria in the AHSC grant application. The list of improvements has been specifically designed to help make the overall project as competitive as possible.

When constructed, these improvements will encourage and support cycling and walking by making improvements to sidewalks, bicycle routes and connections to transit between the project site and key destinations in Madera. The City's transit operations will be directly improved, and ridership will be increased, through the addition of a new bus stop near the housing development and the completion of improvements at the existing intermodal facility on E Street. A variety of technical enhancements are also proposed to be installed in buses to improve rider experience. To effectively implement the STIs and TRAs, the City of Madera is proposed to serve as a co-applicant for the AHSC grant. The City will enter into a standard agreement with the State of California for the STI improvements. The City will receive the funding for these improvements and directly oversee their construction or installation.

City-Related Development Costs

The Project is subject to typical development requirements to construct public utility and infrastructure improvements and to pay development impact fees. Unlike most traditional multi-family projects, however, the project proposes to bring an investment of nearly \$12 Million into downtown Madera, including more than \$3.6 Million in direct public improvements. At the same time, the project is financially constrained by the amount of grant funding that is available for the housing development itself. To help improve the financial viability of the Project and reduce the potential for changes in city-related costs before the Project goes to construction, two actions are recommended.

- **Development Impact Fees.** Staff recommends that development impact fees be set for the project at a total of \$257,472. This amount is based on the City's adopted fee program as of January 30, 2019. Any updates to the fee program that might be adopted by the City in the future would not be applied to the project. The recommended amount also reflects the removal of certain impact fees associated that used to construct collector and arterial street improvements. This adjustment is recommended because the street system in the downtown area is already established and the improvements for which street-related fees are typically collected will not be developed. The specific fees recommended to be applied and removed for the Project are shown in Attachment 4.
- **Reimbursement of Off-site Public Improvement Costs.** The housing project will need to construct a variety of public improvements, including sewer and water connections, storm water treatment, utility undergrounding, sidewalk improvements, street light installation, etc. The cost for these improvements has tentatively been estimated at \$750,000. In consideration of the \$3.6 Million in STI and TRA improvements that will be funded by the AHSC Program, staff recommends that the developer be reimbursed for off-site public improvements costs up to \$90,000. This is the amount that MORES will pay the City for the cost of the land.

FINANCIAL IMPACT:

The recommended actions support the application for funding for a total of approximately \$12 Million in grant funding, and a total investment of nearly \$25 Million in downtown Madera. Authorizing the reimbursement of up to \$90,000 to MORES for off-site utility construction will reduce revenues that would have otherwise been recognized in the general fund. The revenue was not anticipated in the budget and there will be no material impact if the reimbursement is made. Setting the development impact fee amount at the recommended rates will result in minor reductions in revenue in the fee categories where adjustments occur. These amounts total approximately \$67,000, and the change will not disrupt the funding for any existing or planned project.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

While not specifically identified in the Vision 2025 Action Plan, this recommended action supports Action 101.8: Promote & encourage development & redevelopment of low & moderate-cost housing as part of the Housing Element Update.

ALTERNATIVES:

The Council may choose not to authorize the City to serve as a co-applicant for the AHSC program. Such action would hinder the implementation of the STIs and TRAs and would likely limit or prohibit the successful award of grant funding.

The City Council may choose not to adjust development impact fees or adjust them in a different manner than outlined in Attachment 4. The Council may also choose to offer more-or-less reimbursement for public facilities or to provide another form of financial contribution to the project as it deems appropriate.

ATTACHMENTS:

1. Resolution authorizing City as Co-Applicant to AHSC Application
2. Resolution setting development impact fees and off-site reimbursements
3. Sustainable Transportation Improvements (STIs) and Transportation Related Amenities (TRAs) proposed for inclusion the AHSC Application.
4. Recommended Development Impact Fees for the Project

ATTACHMENT 1

RESOLUTION NO. 19-_____

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MADERA, CALIFORNIA
AUTHORIZING APPLICATION FOR THE AFFORDABLE HOUSING AND
SUSTAINABLE COMMUNITIES PROGRAM AND AUTHORIZING THE CITY
MANAGER TO EXECUTE ALL PROGRAM DOCUMENTS ON BEHALF OF THE CITY**

WHEREAS, the State of California, the Strategic Growth Council (SGC), and the Department of Housing and Community Development (Department) have issued a Notice of Funding Availability dated October 31, 2018 (NOFA), under the Affordable Housing and Sustainable Communities (AHSC) Program established under Division 44, Part 1 of the Public Resources Code commencing with Section 75200; and

WHEREAS, the Madera Opportunities for Resident Enrichment and Services (MORES), with the City of Madera as Co-Applicant, desires to apply for AHSC Program funds and submit the Application Package released by the Department for the AHSC Program; and

WHEREAS, the SGC is authorized to approve funding allocations for the AHSC Program, subject to the terms and conditions of the NOFA, Program Guidelines, Application Package, and Standard Agreement. The Department is authorized to administer the approved funding allocations of the AHSC Program.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA hereby resolves, finds, determines and orders as follows:

1. The above recitals are true and correct.
2. City of Madera is hereby authorized and directed to apply, as a Co-Applicant, for and submit to the Department the AHSC Program Application as detailed in the NOFA dated October 31, 2018, for Round 4 in a total amount not to exceed \$12,000,000 of which approximately \$6,833,980 is requested as a loan for an Affordable Housing Development (AHD) ("AHSC Loan"), \$750,000 is requested for a grant for Housing-Related Infrastructure (HRI), \$2,845,000 is requested for Sustainable Transportation Infrastructure (STI), \$768,000 is requested for Transit-Related Amenities (TRA) and \$160,480 is requested for Program (PGM) activities ("AHSC Grant") as defined in the AHSC Program Guidelines adopted by SGC on October 29, 2018. If the application is approved, the Applicant is hereby authorized and directed to enter into, execute, and deliver a State of California Standard Agreement (Standard Agreement) in a total amount not to exceed \$12,000,000, and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program funds from the Department, and all amendments thereto (collectively, the "AHSC Documents").

3. City of Madera, as Co-Applicant, shall be subject to the terms and conditions as specified in the Standard Agreement. Funds are to be used for allowable capital asset project expenditures to be identified in Exhibit A of the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any-and-all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement. Co-Applicant hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA and Program Guidelines and Application Package.
4. The City Manager, or his designee, is authorized to execute in the name of City, as Co-Applicant, the AHSC Program Application Package and the AHSC Program Documents as required by the Department for participation in the AHSC Program.
5. This resolution is effective immediately upon adoption.

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ATTACHMENT 2

RESOLUTION NO. 19-_____

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MADERA, CALIFORNIA
SETTING DEVELOPMENT IMPACT FEES FOR THE DOWNTOWN VETERANS AND
FAMILY HOUSING PROJECT AT \$257,472 AND AUTHORIZING THE CITY
ENGINEER TO REIMBURSE THE PROJECT DEVELOPER FOR THE ACTUAL COST OF
OFF-SITE IMPROVEMENTS NOT TO EXCEED \$90,000**

WHEREAS, the State of California, the Strategic Growth Council (SGC), and the Department of Housing and Community Development (Department) have issued a Notice of Funding Availability dated October 31, 2018 (NOFA), under the Affordable Housing and Sustainable Communities (AHSC) Program established under Division 44, Part 1 of the Public Resources Code commencing with Section 75200; and

WHEREAS, the Madera Opportunities for Resident Enrichment and Services (MORES), with the City of Madera as Co-Applicant, desires to apply for AHSC Program funds and submit the Application Package released by the Department for the AHSC Program; and

WHEREAS, AHSC Program funds are proposed to develop the Downtown Veterans and Family Housing Project ("Project"), a 48-unit affordable housing development for extremely-low to low-income households earning between 30% and 60% of the area median income. The project is located in downtown Madera at the intersection of North "C" and 5th Streets; and

WHEREAS, the project includes the construction of more than \$3.6 Million in sustainable transportation improvements (STIs) and transportation related amenities (TRAs), comprised of a series of transit, pedestrian, bicycling and landscaping improvements; and

WHEREAS, when constructed, these improvements will encourage and support cycling and walking by making improvements to sidewalks, bicycle routes, landscaping and connections to transit between the project site and key destinations in Madera. The City's transit operations will be directly improved through the addition of a new bus stop near the housing development, and improvements to the existing intermodal facility on E Street. A variety of technical enhancements to buses will improve rider experience; and

WHEREAS, the total investment in downtown Madera that will occur through the Project is approximately \$24.7 Million, including the TRAs and STIs; and

WHEREAS, the project is financially constrained by the amount of grant funding that is available for the housing development itself; and

WHEREAS, because of the need for affordable housing in the community and in consideration of the investment the Project would bring to downtown Madera and the public benefit that would be created by this investment, the City desires to help improve the financial viability of the Project and reduce the potential for changes in city-related costs before the Project goes to construction.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA hereby resolves, finds, determines and orders as follows:

1. The above recitals are true and correct.
2. Development Impact Fees for the project shall be \$257,472, which is based on the fee program currently in effect. This amount shall be applied to the 48-unit affordable housing development regardless of any changes or updates made to the City of Madera Development Impact Fee Program. If the number of units changes, the Community Development Director is directed to adjust the fee amount due from the project a proportional amount.
3. The City Engineer is authorized to reimburse the project developer for the actual costs of constructing and installing off-site utilities and infrastructure not to exceed a total cost of \$90,000. Improvements eligible for reimbursement shall be those specified in the conditions of approval for the Project as approved by the Planning Commission.
4. This resolution is effective immediately upon adoption.

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ATTACHMENT 3

Proposed City of Madera Sustainable Transportation Improvements and Transportation Related Amenities

Project	Description	Estimated Cost
1. New Bus Stop and Shelter	Add 1 additional bus stop to Route 1 which will provide easy access for residents at the new housing developments.	\$25,000
2. Bike Racks	Installation of bike racks/lockers at approx. 6-8 locations at/near selected bus stops within the project's one-mile radius.	\$85,000
3. Enhancements at the Intermodal Facility	Installation of water fountain for water bottles, bike racks, and possibly public restrooms.	\$180,000
4. Technology Enhancements	Licensing and Installation of equipment including: automatic vehicle locator (AVL) systems for 19 buses; large flat panel LED display sign at Intermodal; 19 on-board multimedia information systems to provide updated transit information, schedules, and education.	\$280,000
5. Bus Stop Signs	Improve the visibility, aesthetics, and functionality of bus stop signs within project area.	\$23,000
6. E 5th Street Sidewalk Improvements Between Project Site and Intermodal Facility	<ul style="list-style-type: none"> a. Improve surfacing b. Improving shading along path 	<ul style="list-style-type: none"> \$40,000 \$50,000
7. Pedestrian / Parking Amenities at Proposed Site	Installation of curb bulb-outs and diagonal parking at the proposed site.	\$103,000
8. Bike Lane Improvements	Installation of bike-lanes connecting to key destinations.	\$150,000
9. Stop Sign Flashers	Installation of Stop-Sign-Flashers at South St & D St.	\$25,000
10. Safety Enhancements at Washington Elementary School	Installation of Rectangular Rapid Flashing Beacons, ADA Ramps, High Visibility Striping.	\$80,000
11. Sunrise Rotary Park Improvements	Landscape and Irrigation Improvements.	\$150,000
12. Sidewalk Improvements	<ul style="list-style-type: none"> A. Service-Grocery-La Esperanza B. Service-Grocery-Las Palmas Market C. Service-Public School-Martin Luther King D. Service-Public School-Gould Educational 	<ul style="list-style-type: none"> \$48,000 \$47,000 \$126,000 \$164,000

	<p>E. Service – Public School- John Adams Elementary School</p> <p>F. Service – Public School Millview Elementary School</p> <p>G. Service-Child Care-Madera Child Development Center</p> <p>H. Service-Civic Organization-Big Brothers Big Sisters</p> <p>I. Service-Community Center-Pan American Community Center</p> <p>J. Service-Faith-Central Cristiano Familiar Consecha Del Valle</p> <p>K. Service-Faith- Faith Tabernacle Church</p> <p>L. Service-Faith-First Southern Baptist Church</p> <p>M. Service-Faith-Grace Presbyterian Church</p> <p>N. Service-Faith-Madera United Methodist Church</p> <p>O. Service-Faith-Seventh Adventist Church</p> <p>P. Service-Faith-Victory Outreach Madera Church</p> <p>Q. Yosemite Ave from Vineyard Ave to Tozer St</p>	<p>\$1,035,000</p> <p>\$55,000</p> <p>\$208,000</p> <p>\$118,000</p> <p>Same improv. as part A</p> <p>Same improv. as part G</p> <p>\$40,000</p> <p>\$14,000</p> <p>\$67,000</p> <p>Same Improv. as M</p> <p>Same Improv. as M</p> <p>\$100,000</p> <p>\$400,000</p> <hr/> <p>\$3,613,000</p>
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ATTACHMENT 4

DOWNTOWN VETERANS AND FAMILY HOUSING - RECOMMENDED DEVELOPMENT IMPACT FEES

Impact Fee Category	Existing Fee Schedule		Adjusted Fee
	Per Unit	48 Unit Total	
Administrative Impact Fee	\$56.67	\$2,720.14	\$2,720
Fire Department Impact Fees	\$247.38	\$11,874.46	\$11,874
General Government Impact Fees	\$168.92	\$8,108.11	\$8,108
Police Dept Impact Fee	\$398.87	\$19,145.61	\$19,146
Parks Dept Impact Fee	\$1,945.29	\$93,374.06	\$93,374
Public Works Impact Fee	\$99.17	\$4,760.25	\$4,760
Sewer Additional Obl. Impact Fee – Exist. Area	\$93.72	\$4,498.69	\$4,499
Storm Drain Impact Fee –Existing Service Area	\$545.99	\$26,207.51	\$26,208
Streets 16 Ft Arterial Street Median Island	\$237.58	\$11,403.67	\$0
Streets 24 Ft Collector Street Lane	\$428.29	\$20,557.99	\$0
Streets 12 Ft Arterial Street Lane	\$428.29	\$20,557.99	\$0
Transportation Facility Impact Fee – City Wide	\$584.13	\$28,038.37	\$28,038
Traffic Signals	\$144.94	\$6,957.28	\$0
Water Impact Fees – Pipes	\$151.48	\$7,271.15	\$0
Wastewater Treatment Plan Impact Fee	\$923.06	\$44,306.91	\$44,307
Water Impact Fees – Wells	\$300.78	\$14,437.67	\$14,438
Total Fees	\$6,754.58	\$324,219.86	\$257,472