



## Legislation Text

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**File #:** 20-413, **Version:** 1

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*Report Prepared by: Scott McBride, Director of Development Services, Housing Division/Department of Development Services*

**SUBJECT:** Continued Public Hearing to Allow Interested Persons to be Heard on Proposed Submittal of an Application to the United States Department of Housing and Urban Development (HUD) for Financing Through the Section 108 Loan Guarantee Program for the Childs Court Apartments - Childs and B Street Transit Oriented Development (TOD) Affordable Housing Project

### REPORT IN BRIEF

Continued Public Hearing to allow interested persons to be heard prior on the proposed application to the United States Department of Housing and Urban Development (HUD) for financing through the Section 108 Loan Guarantee Program for the Childs Court Apartments - Childs and B Street Affordable Housing Transit Oriented Development (TOD) Project.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Recommending that the City Council conduct the Public Hearing, receive any testimony given; and,
- B. Close the Public Hearing.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, with modifications; or,
3. Deny the request completely; or,
4. Refer to staff for reconsideration of specific items as requested by Council; or,
5. Continue to a future City Council meeting (date and time to be specified in the motion).

### AUTHORITY

Municipal Code Section 200; Code of Federal Regulations, Title 24, Part 570 - Community Development Block Grants, Subpart M - Loan Guarantees.

### CITY COUNCIL PRIORITIES

The Childs Court Apartments - Childs and B Street Affordable Housing Transit Oriented Development (TOD) Project has been included in the City's HUD Annual Action Plan and Consolidated Plan (Con

Plan). Funding has also been included in adopted budgets. The Council has also pledged commitments of support and approval in various ways including;

- Issuance of a Request for Proposals (RFP) to solicit qualified developers for the Childs and B St. site in March 2017
- Awarding approval of the RFP to the Richman Group and Central Valley Coalition for Affordable Housing in May 2017
- Execution of a Ground Lease and Option to Purchase with Merced County for 1137 B Street, site location with Merced County in 2018
- Execution of an Exclusive Negotiating Agreement with the project developer in October 2018
- First Amendment to the Exclusive Negotiating Agreement in January 2019
- Approval of an Enforceable Funding Commitment Agreement in February 2019 outlining the City's commitment of \$6,580,000 in funds from various funds and sources
- Adoption of City Council Resolution 2019-06 in February 2019 authorizing the application to the State of California Affordable Housing Sustainable Communities program for funding support
- Approval of City Council Resolution 2019-82 in December 2019 authorizing the application and issuance of bonds under the California Statewide Community Development Authority for project financing
- Acceptance of Monetary Donation from the Central Valley Opportunity Fund (CVOF) in May 2020 in the amount of \$1,080,000 for land acquisition costs

## DISCUSSION

The City Council previously held a Public Hearing on July 6, 2020, regarding the proposed HUD 108 Application. The hearing was continued to July 20, 2020. At that meeting the City Council was advised that the project developer is seeking an increase in the amount of the application. The prior amount of funding being sought under the HUD 108 program was \$1,706,329. This was the figure of the overall cost to issue the debt and other fees; the project amount would have been \$1,685,000. The original estimated commitment for Community Development Block Grant (CDBG) funding for the project was set at \$2.0 million. These were the combined amounts under the programs in the executed Enforceable Commitment Agreement approved by the City Council. These funds were reflected in the prior approved Annual Action Plan and submitted to HUD. Given the uncertainty of the availability of labor, materials, and equipment as a result of COVID-19, the development team is receiving bids in excess of the estimated cost. The Developer is now seeking to maximize all funding available while also working to negotiate costs and terms. A letter from the development team was provided to the Council at the July 20<sup>th</sup> meeting and is included in this report as Attachment 1.

At the July 20<sup>th</sup> City Council Meeting, staff advised that research would be necessary to determine if the published notices and hearings for the amount of \$1,706,329 would allow action for the new higher amount of \$2,000,000. It has been determined that the best course of action is to publish new notices with an updated Draft HUD 108 Application demonstrating the increased dollar amount and any other changes.

This process will require a thirty-day notice with a new comment period. During that thirty-day period the City Council must conduct at least one Public Hearing prior to final action by the City Council. The final action by the City Council would be adopting a Resolution authorizing the application be

submitted to HUD. The dates would include the following;

- Publication of Notice - July 30, 2020
- Comment Period - July 31, 2020, through August 31, 2020
- Public Hearing - August 17, 2020
- Consideration of Resolution for Application Submittal - September 8, 2020

## **IMPACT ON CITY RESOURCES**

None.

## **ATTACHMENTS**

1. Developer Letter July 17, 2020
2. Developer Letter July 20, 2020