



Legislation Text

File #: 18-276, **Version:** 1

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SUBJECT: Consider Approving a Lease Agreement with the County of Merced for Property Located at the Corner of Childs Avenue and B Street

REPORT IN BRIEF

Consider approving a lease agreement with the County of Merced to facilitate the entitlement process associated with the development of affordable and permanent-supportive multi-family housing at the corner of Childs Avenue and B Street.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the lease agreement between the County of Merced and City of Merced; and,
- B. Authorizing the City Manager or Assistant City Manager to execute and, if necessary make minor modifications to the lease agreement described above and as attached to this report and all associated documents.

ALTERNATIVES

- 1. Approve, as recommended by staff; or,
- 2. Approve, subject to modifications (identify specific changes to be addressed in the motion); or,
- 3. Deny; or,
- 4. Refer to staff for reconsideration of specific items (to be addressed in the motion); or,
- 5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Section 200 of the City of Merced Municipal Code.

CITY COUNCIL PRIORITIES

As provided for in the Fiscal Year 2017-18 Budget.

DISCUSSION

For the past two years, City staff have been working with the County of Merced to identify potential development projects that would enhance the services available to address homelessness within the City. Through continued collaboration, City staff and the County have identified the property located at the corner of Childs Avenue and B Street as a feasible location for such development. The City of Merced released a request for proposals to evaluate the viability of the proposed affordable and

permanent-supportive housing project at the subject location.

After careful evaluation and selection of a Developer to take the lead on the proposed project, County and City staff determined that a Lease Agreement, with an Option available to the City to purchase the property, was the most efficient means to entitle the project, pursue Low-Income Housing Tax Credit and other grant funding in partnership with the Developer.

The proposed project at the corner of Childs Avenue and B Street is Childs Avenue Court Apartments. The estimated construction cost of \$30 million project includes approximately 120 multi-family units, 30 of which are designated as permanent-supportive. In addition to these units, the proposed project includes a community room and offices to allow for supportive services and property management. In addition, computers and other services will be provided to all residents within the development. The proposed project also includes improvements to city services, including: curb, gutter, sidewalks, bike lanes, street improvements, streetlights and sewer and storm drainage facilities. A park and multi-modal bus stop are included in the project to improve recreational opportunities, safety, and access to transportation for residents of the development.

Staff is recommending the approval of the lease agreement to allow the City and Developer to move forward with the entitlement process. Once entitlements have been secured, the Developer will submit an application to the State as a 9% tax-credit project to finance the project. Once the lease agreement is approved, Housing staff will seek additional grant funding to assist with financing the various site improvements and to provide financial support for the permanent-supportive units.

IMPACT ON CITY RESOURCES

Proposed funding to support the Childs Avenue Court Apartment project is available in the FY 2017/18 and FY 2018/19 Housing Division budget. Funding will only be recommended to the City Council for appropriation upon approval of Low-Income Housing Tax Credit award for construction. No appropriation of funding is needed to support the proposed lease agreement and there is no impact to the General Fund.

ATTACHMENTS

1. County of Merced Lease Agreement