



Legislation Text

File #: 18-465, **Version:** 1

Report Prepared by: Mark E. Hamilton, Housing Program Supervisor, Department of Development Services

SUBJECT: Agreement to Negotiate Exclusively with the Richman Group of California, LLC for the Childs and B Street Affordable Housing Development

REPORT IN BRIEF

Approves the exclusive negotiating agreement with the Richman Group of California, LLC for the eventual development of an affordable housing project at Childs Avenue and B Street.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the exclusive negotiating agreement between the City of Merced and the Richman Group of California, LLC; and,
- B. Authorizing the City Manager or Assistant City Manager to execute, and if necessary, make minor modifications to the agreements described above as attached to this report and all associated documents; and,
- C. Authorizing the Finance Officer to make necessary budget adjustments.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for consideration of specific items (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

Charter City of Merced, Sec. 200.

CITY COUNCIL PRIORITIES

As provided for in the 2018-19 Council Priorities.

DISCUSSION

Staff is requesting City Council to consider the proposed Exclusive Negotiating Agreement (ENA) with the Richman Group of California, LLC (Developer). Staff has made contact and reviewed the potential housing development with the developer.

The Developer has expressed a desire to attempt to complete a project on this site. In order to complete the planning necessary to complete negotiations, the developer has asked that the City execute an Exclusive Negotiating Agreement, which would guarantee that for the next 300 days, City staff would only work with this developer. The agreement provides a specific schedule that must be met in order for the project to proceed into a Disposition and Development Agreement (DDA).

The schedule includes the submission of a "Preliminary Development Package" being submitted within 150 days with following:

- Development Proposal
- Initial Estimate of development costs
- Description of the proposed method of financing
- Construction and Operating Pro-forma
- Preliminary Designs including environmental reviews
- Evidence of reasonably acceptable financial resources

Within 30 days of receipt of the "Preliminary Development Package" the City will provide an evaluation to the developer.

With the approval of the ENA, the Developer and the City will work together to ensure the entitlement and environmental review process is completed to meet certain timelines necessary for future grant and tax credit applications.

The tentative schedule for the Childs and B Street project is as follows:

- October 2018: Central California Alliance for Health (CCAH) Announces the Planning Grant recipients. The City has requested \$150,000 to support this project.
- November 2018: Environmental Reviews are finalized.
- December 2018: Entitlements secured.
- January 2019: 9% Tax-Credit Application Submitted to California Tax Credit Board.
- February 2019: Application submitted to CCAH for assistance with Permanent Supportive Housing Units.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Proposed Exclusive Negotiating Agreement