

Folsom City Council Staff Report

MEETING DATE:	9/8/2020
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10521 – A Resolution Amending Resolution No. 9807 to Change the Funding Source from the Housing Trust Fund to the City Housing Fund and Appropriation of Funds
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended the City Council adopt Resolution No. 10521– A Resolution Amending Resolution No. 9807 to Change the Funding Source from the Housing Trust Fund to the City Housing Fund and Appropriation of Funds

BACKGROUND / ISSUE

Approved by City Council on December 13, 2016, Resolution No. 9807 provided for, among other things, six extremely low-income household units within the Broadstone Apartment project (now called Talavera Ridge). Resolution No. 9807 also approved a grant to the developer in the amount of \$780,000 for providing the six extremely low-income household units and the funding source of the grant to be the Housing Trust Fund (Fund 221).

In 2011 the State dissolved all Redevelopment Agencies and as part of the legislation there were limits put on the use of any funds that were transferred to the Successor Agency to the Folsom Redevelopment Agency. One of the requirements is that those funds be used for the development of extremely low-income household units. In order to help meet this requirement staff is requesting to change the funding source of the grant from the Housing Trust Fund (Fund 221) to the City Housing Fund (Fund 238), which is the fund that received funds from the former Folsom Redevelopment Agency.

POLICY / RULE

Financial support of affordable housing projects is consistent with the City’s Housing Element Goal of facilitating affordable housing.

ANALYSIS

Due to the dissolution of California Redevelopment Agencies California Government Code Section 34176.1 was passed into law. Section 34176.1 (3) (A), in part, states that funds “remaining in the Low and Moderate Income Housing Asset Fund must be spent for the development of housing affordable to and occupied by households earning 80 percent or less of the area median income (AMI), with at least 30 percent of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income.”. Extremely low-income housing units are the 30% AMI units. By moving the funding source from the Housing Trust Fund to the City Housing Fund it will allow for the City to be in compliance with this requirement.

FINANCIAL IMPACT

The City Housing Fund (Fund 238) currently has funds available to provide the grant in the amount of \$780,000, however an additional appropriation will be required. The funds previously approved in the Housing Trust Fund (Fund 221) will remain in the Housing Trust Fund and will then be available for future housing projects.

ATTACHMENTS

1. Resolution No. 10521 – A Resolution Amending Resolution No. 9807 to change the funding source from the Housing Trust fund to the City Housing Fund and Appropriation of Funds.
2. Resolution No. 9807 – A Resolution of the City council Modifying the 2002 Deed Restriction and Approving contribution (Appropriation of \$780,000) from the Housing Fund for the Purpose of Providing Housing Affordable to Extremely Low Income Households in the Broadstone Apartments Project

Submitted,



Stacey Tamagni, Finance Director

ATTACHMENT 1

RESOLUTION NO. 10521

A RESOLUTION AMENDING RESOLUTION NO. 9807 TO CHANGE THE FUNDING SOURCE FORM THE HOUSING TRUST FUND TO THE CITY HOUSING FUND AND APPROPRIATION OF FUNDS

WHEREAS, Resolution No. 9807, in part, approved a grant in the amount of \$780,000 for the Broadstone Apartments Project; and

WHEREAS, Resolution No. 9807 also approved the funding source of the grant to be the Housing Trust Fund (Fund 221); and

WHEREAS, due to the dissolution of Redevelopment Agencies and subsequent legislation, the City as Successor Agency is required to spend at least 30% of available funds on households at no more that 30% of the area median income; and

WHEREAS, the six extremely low income units in the Broadstone Apartments Project (named Talavera Ridge) qualify for this funding source; and

WHEREAS, sufficient funds are available in the City Housing Fund (Fund 238) for this grant, however, an additional appropriation will be required; and

WHEREAS, the prior approved appropriation in the Housing Trust Fund (Fund 221), will remain in the fund to be used for future housing projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the Finance Director to appropriate a grant in the amount of \$780,000 to the City Housing Fund (Fund 238).

PASSED AND ADOPTED this 8th day of September 2020, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

RESOLUTION NO. 9807

A RESOLUTION OF THE CITY COUNCIL MODIFYING THE 2002 DEED RESTRICTION AND APPROVING CONTRIBUTION (APPROPRIATION OF \$780,000) FROM THE HOUSING FUND FOR THE PURPOSE OF PROVIDING HOUSING AFFORDABLE TO EXTREMELY LOW INCOME HOUSEHOLDS IN THE BROADSTONE APARTMENTS PROJECT

WHEREAS, on November 11, 2002, Elliott Homes, Inc. and the City entered into an "Agreement Rescinding the Use of Property for Affordable Housing and Agreement to Provide that Twenty Percent of the Units Constructed on Another Property Shall be Restricted for Affordable Housing" ("2002 Deed Restriction"), recorded on November 22, 2002 in Book 20021122, Page 0009 of the official records of the Sacramento County Recorder, pertaining to the property where the Broadstone Apartments project is being proposed ("Property"); and

WHEREAS, the 2002 Deed Restriction requires that any development project constructed on the Property provide no less than twenty (20) percent of the total number of units be affordable to very low or low income households; and

WHEREAS, based on the Developer's proposal to construct 304 rental units at the Broadstone Apartments, the 2002 Deed Restriction would require 61 of those units to be affordable to low and very low income households; and

WHEREAS, in response to changing demographics and market demand for affordability in rental apartment housing, the Developer proposes to provide six (6) extremely low income household units on the Property, in lieu of the 61 affordable units required under the 2002 Deed Restriction for low and very low income households; and

WHEREAS, "extremely low income household" means a household whose income does not exceed thirty (30) percent of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development; and

WHEREAS, it is significantly more challenging for developers to construct residential housing affordable to extremely low income households in Folsom, and that public financial assistance is appropriate to assist the developer of the Broadstone Apartments project to provide 6 extremely low income household units; and

WHEREAS, Section 17.104.030 of the Folsom Municipal Code provides that all residential rental projects of 10 or more units receiving funding assistance from the City shall include inclusionary housing units equal to 10% of the total number of units in the project, which shall be divided into 3% very low income units and 7% low income units; and

WHEREAS, the City finds that the request to modify the 2002 Deed Restriction and the assistance provided to the Developer hereunder are consistent with the objectives of the Housing Element and the Housing Strategy approved by the City Council; and

WHEREAS, a financial assistance grant is requested in the amount of \$780,000; and

WHEREAS, sufficient funds are available in the Housing Trust Fund (Fund 221), however an additional appropriation in the amount of \$780,000 will be required.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom hereby finds that the City's affordable housing needs have changed, such that the construction of 6 extremely low income household units as part of the Broadstone Apartments project will serve and provide greater housing opportunities for extremely low income households in the City of Folsom.

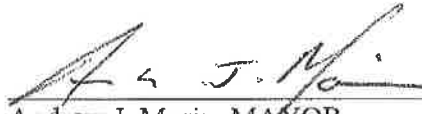
BE IT FURTHER RESOLVED that the City Council hereby grants the Developer's request to modify the 2002 Deed Restriction by replacing the twenty percent low or very low income affordable units required under the 2002 Deed Restriction with 6 extremely low income household units within the Broadstone Apartments project, as an alternative to providing affordable housing under the Inclusionary Housing Ordinance.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute appropriate document(s), subject to approval by the City Attorney, to modify the 2002 Deed Restriction consistent with this Resolution.

BE IT FURTHER RESOLVED that, conditioned upon the elimination of 11 market-rate units in Building B, public financial assistance to the Broadstone Apartment project, in the amount of \$780,000.00 for the purpose of providing 6 extremely low income household units on-site, is hereby approved. Said financial assistance may be pooled from available City resources including, but not limited to, the City's Housing Trust Fund (Fund 221), eligible grants, and available sewer impact fee credits, as determined appropriate by the City Manager. The Finance Officer is hereby authorized to appropriate up to \$780,000.00 from the Housing Trust Fund (Fund 221) in the form of a grant for the purpose stated in this Resolution.

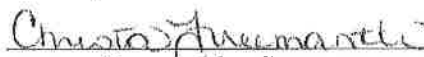
PASSED AND ADOPTED this 13th day of December 2016, by the following roll-call vote:

AYES: Council Member(s): Morin, Sheldon, Gaylord, Howell
NOES: Council Member(s): None
ABSENT: Council Member(s): Miklos
ABSTAIN: Council Member(s): None



Andrew J. Morin, MAYOR

ATTEST:



Christa Freemantle, CITY CLERK

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