

Folsom City Council Staff Report

MEETING DATE:	5/10/2022
AGENDA SECTION:	Old Business
SUBJECT:	Resolution No. 10831 - A Resolution of the City Council of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$588,265.55 to Bidwell Place, LP for Construction of the 75-unit Bidwell Place Affordable Multifamily Project, and Appropriation of Funds
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to Adopt Resolution No. 10831 - A Resolution of the City Council of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$588,265.55 to Bidwell Place, LP for Construction of the 75-unit Bidwell Place Affordable Multifamily Project, and Appropriation of Funds.

BACKGROUND / ISSUE

On May 6, 2020, the Planning Commission approved the Bidwell Place Mixed-Use project. The Bidwell Place project is a 75-unit 100 percent affordable multifamily, mixed use housing project on the 3.24-acre Bank of America site located on East Bidwell Street between Rumsey Way and Market Street. The development, which is currently under construction, includes studio, one-bedroom, and two-bedroom floor plans and will serve a mix of extremely low, very-low- and low-income households.



The project is being financed by Federal Low Income Housing Tax Credits and tax-exempt Private Activity Bonds and all the approved project underwriting were based on a standalone asset that would be regulated as affordable housing for 55 years. As a result, the project site must be parcelized to separate the affordable housing community asset from the commercial retail property (Bank of America). At time of project approval, staff and the applicant were under the impression that separation of the Bank of America commercial use from the residential portion of the proposed project would be achieved by a simple lot line adjustment. However, through further surveying and title search it was discovered that, although there are two Assessor Parcel Numbers (APNs) associated with the site, these parcels only exist for assessment purposes and have not been mapped. As a result, the applicant is in the process of requesting Planning Commission approval for a Tentative Parcel Map to subdivide the existing 3.24-acre property into two individual parcels. The two newly created parcels will consist of a 1.11-acre parcel (403 East Bidwell Street) and a 2.07-acre parcel (425 East Bidwell Street) within the East Bidwell Mixed Use Overlay of the General Commercial zone of the City of Folsom.

In accordance with the Folsom Municipal Code, Section 16.32.040, the project is now subject to parkland dedication in-lieu fees (Quimby) as part of this subsequent Tentative Parcel Map approval request. Because this fee was not previously anticipated, the additional fees place a financial burden on the project which the affordable housing project cannot absorb. As such, City Council is being asked to approve a supplemental housing loan to the applicant in the exact amount of the levied Quimby parkland dedication in-lieu fees to offset this financial burden on the project. This loan will go directly towards the payment of the Quimby fee and will not provide any additional financial benefit to the project.

POLICY / RULE

Government Code section 66477, commonly referred to as the Quimby Act, establishes the statutory authority by which a local government may require the dedication of land or the payment of fees for park purposes (Government Code §66477(a)). In conformance with section 66477, the City of Folsom has adopted a parkland dedication ordinance, which allows the City to impose park dedication and/or fee payment obligations in conjunction with the consideration and approval of a tentative map or parcel map.

This loan requires City Council approval.

ANALYSIS

The Bidwell Place project is being financed with 4 percent non-competitive tax credits, tax-exempt bonds, developer equity, and a \$4.15 million affordable housing loan from the City. In addition, the project received a \$150,693.75 grant (Resolution No. 10630) from City to offset the loss of 60 sewer fee credits that had previously been approved for the project.

The project was financed in 2021 with a forward locked permanent debt rate. All sources and uses of financing were locked at that milestone. At the time of construction loan closing, the California Construction Cost Index (CCCI) was 7102. The CCCI, as of March of 2022, is 8736,

which represents a 23 percent increase from the previous year. And, although most of Bidwell Place's construction contracts were executed at the construction loan closing, several remaining trades experienced significant cost increases and those increased costs have been passed onto the project. In addition, it is important to note that as a 100 percent affordable housing project, all rental income is capped by federal and state agencies and cannot be increased to generate additional income for the project. For these reasons, the project cannot absorb the additional costs associated with the previously unanticipated Quimby fees.

Financial support of this affordable housing project is consistent with the City's Housing Element Goal of facilitating affordable housing. Based on City Council's previous commitment to award financial assistance to this project, staff is supportive of the developer's request for a \$588,265.55 supplemental affordable housing loan to offset the Quimby fees.

Loan Terms

A term sheet outlining the conditions of the loan has been prepared and is included in the staff report (Attachment 2). Key specifics of this term sheet include:

1. Loan amount of \$588,265.55
2. 3% simple interest
3. 50-year repayment term

FINANCIAL IMPACT

Funding for the requested affordable housing loan for this project is available from the City's Housing Fund (Fund 238). An appropriation will be required in the amount of \$588,265.55. There are sufficient funds available for this additional appropriation. This funding source does not impact the City's General Fund.

ENVIRONMENTAL REVIEW

The Bidwell Place project was determined by the Planning Commission on May 6, 2020 to be categorically exempt from the California Environmental Quality Act (CEQA) under Public Resources Code Sections 21159.21 and 21159.23 as further described in Sections 15192 and 5194 (Affordable Housing Exemption) of the CEQA Guidelines.

ATTACHMENTS

1. Resolution No. 10831 - A Resolution of the City Council of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$588,265.55 to Bidwell Place, LP for Construction of the 75-unit Bidwell Place Affordable Multifamily Project, and Appropriation of Funds
2. Supplemental Subordinate Loan Term Sheet

3. Tentative Parcel Map Exhibit

Submitted,

A handwritten signature in blue ink, appearing to read "Pam Johns", followed by a long horizontal line extending to the right.

Pam Johns, Community Development Director

ATTACHMENT 1

Resolution No. 10831 - A Resolution of the City Council of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$588,265.55 to Bidwell Place, LP for Construction of the 75-unit Bidwell Place Affordable Multifamily Project, and Appropriation of Funds

RESOLUTION NO. 10831

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM APPROVING
A LOAN IN THE AMOUNT OF \$588,265.55 TO BIDWELL PLACE, LP FOR
CONSTRUCTION OF THE 75-UNIT BIDWELL PLACE AFFORDABLE
MULTIFAMILY PROJECT, AND APPROPRIATION OF FUNDS**

WHEREAS, on May 6, 2020, the Planning Commission approved the Bidwell Place Mixed-Use project which is currently under construction and will serve a mix of extremely low, very-low- and low-income households.; and

WHEREAS, the project is financed by Federal Low Income Housing Tax Credits, tax-exempt Private Activity Bonds and an affordable housing loan and grant from the City; and

WHEREAS, all the project was financed as a stand-alone affordable housing community; and

WHEREAS, for regulatory consistency, the project site must be parcelized to separate the affordable housing community from the commercial retail property; and

WHEREAS, at the time of project approval, staff and the applicant were under the impression that separation of the residential use from the commercial portion of the proposed project would be achieved by a lot line adjustment; and

WHEREAS, through further surveying and title search, it was discovered that although there are two Assessor Parcel Numbers (APNs) associated with the site, the parcels only exist for assessment purposes and are not mapped; and

WHEREAS, the applicant is in the process of requesting Planning Commission approval for a Tentative Parcel Map to subdivide the existing 3.24-acre property into two individual parcels; and

WHEREAS, in accordance with the Folsom Municipal Code, Section 16.32.040, the project will be subject to parkland dedication in-lieu fees (Quimby) as part of the subsequent Tentative Parcel Map approval request; and

WHEREAS, to off-set the additional cost to the project associated with the previously unanticipated Quimby parkland dedication /parkland in lieu fee, the developer is requesting an affordable housing loan from the City to assist with the construction of the Bidwell Place project; and

WHEREAS, providing financial assistance to affordable housing projects is consistent with the Goal H-3: Facilitating Affordable Housing in the City's Housing Element; and

WHEREAS, the requested loan amount of \$588,265.55 is appropriate as it represents the

monetary value of the unanticipated Quimby parkland dedication / parkland in lieu fee that Bidwell Place is subject to as part of the Tentative Parcel Map request; and

WHEREAS, funding for the requested affordable housing loan is available from the City's Housing Fund (Fund 238).

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby approves an affordable housing loan in the amount of \$588,265.55 to Bidwell Place, LP for construction of the 75-unit Bidwell Place affordable multifamily project.

BE IT FURTHER RESOLVED that the Finance Director is directed to appropriate \$588,265.55 from the City's Housing Fund (Fund 238) for purpose of this Resolution.

PASSED AND ADOPTED this 10th day of May 2022, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Kerri Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

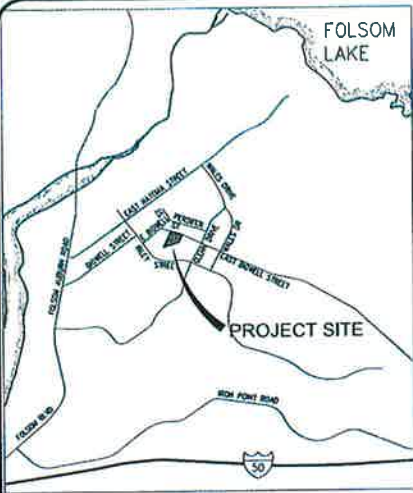
Supplemental Subordinate Loan Term Sheet

Supplemental Subordinate Loan Term Sheet
Bidwell Place Apartments
City of Folsom
April 25, 2022

1. **Lender:** City of Folsom, a municipal corporation
2. **Borrower:** Bidwell Place, LP, a California limited partnership
 - i. **General Partners**
 1. St. Anton Bidwell Place, LLC (Co-GP)
 2. PacH Anton South Holdings, LLC (Managing GP) (Parent Company: Pacific Housing, Inc.)
 3. Bank of America, N.A. – Tax Credit Investor
3. **Loan Amount:** \$588,265.55
4. **Purpose:** Construction of the 75-unit Bidwell Place Affordable Multifamily Project
5. **Timing of Funding:** The City's loan will be funded in conjunction with when the Quimby Park Fee is due and payable.
6. **Interest Rate:** 3% per annum - simple
7. **Annual Payments:** Repayment of the principal amount of the loan together with accrued interest will be in a single balloon payment at loan maturity.
8. **Term:** 50 years.
9. **Balloon Payment:** At the expiration of the loan term, 100% of the principal balance of the loan and all accrued interest will be due.
10. **Refinancing:** In the event of refinancing, the City will subordinate to the new senior loan on substantially similar terms as the original financing.
11. **Security:** City's loan will be secured by a deed of trust junior to construction and permanent financing sources set forth.

ATTACHMENT 3
Tentative Parcel Map Exhibit

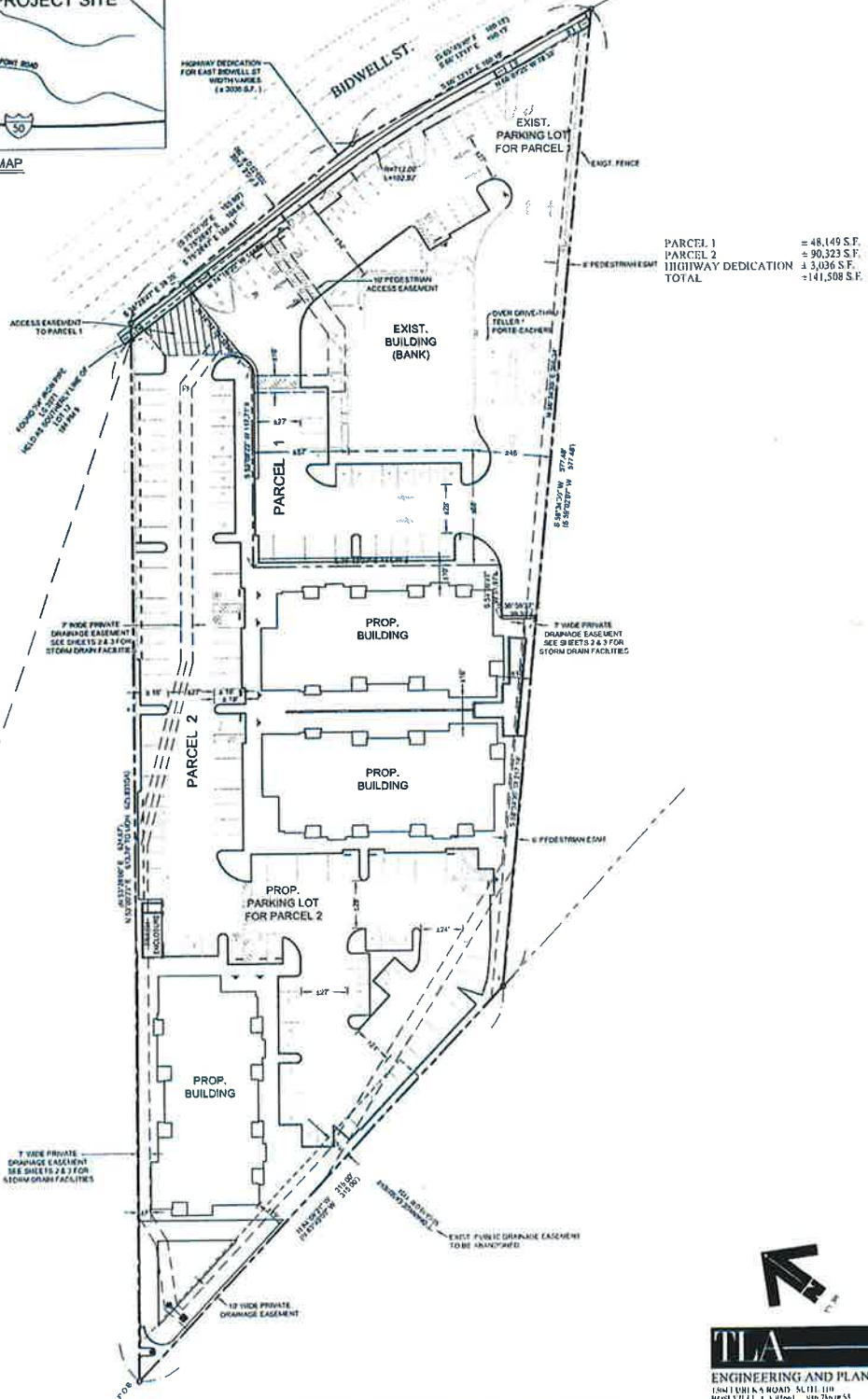
TENTATIVE PARCEL MAP
BIDWELL PLACE
 APN 071-0190-060 & 061
 403 & 425 EAST BIDWELL STREET, FOLSOM, CALIFORNIA
LOTING PLAN
 SHEET 1 OF 3
 DECEMBER 2021



LOCATION MAP

SHEET INDEX

SHEET 1	TENTATIVE MAP-LOTING PLAN
SHEET 2	TENTATIVE MAP-GRADING PLAN
SHEET 3	TENTATIVE MAP-UTILITY PLAN



PARCEL 1	= 48,149 S.F.
PARCEL 2	= 90,323 S.F.
HIGHWAY DEDICATION	= 141,508 S.F.
TOTAL	

TLA
 ENGINEERING AND PLANNING
 1841 FORT & ROAD ALH1 110
 RED VILLAGE, CA 95701-3155

File: C:\Users\jlp\OneDrive\Documents\1023_Map.dwg - 08/02/2021 - 2:56pm - jlp

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