



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	9/13/2022
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	<p>Grant Funds Associated with Development of Affordable Housing Units at 300 Persifer Street</p> <ol style="list-style-type: none"> <li>1. Resolution No. 10916- A Resolution Authorizing an Application for the SACOG 2022 Green Means Go Funding Program for Infrastructure and Planning Activities Associated with the Development of 300 Persifer Street</li> <li>2. Resolution No. 10917 - A Resolution of the City of Folsom Authorizing the City's Allocation of \$800,000 in Home Funds Received Through Participation in the SHRA HOME Consortium to Habitat for Humanity for the Construction of 10 Affordable Housing Units at 300 Persifer Street</li> </ol>
<b>FROM:</b>	Community Development Department

**RECOMMENDATION / CITY COUNCIL ACTION**

Staff respectfully recommends that the City Council:

1. Resolution No. 10916 - A Resolution Authorizing an Application for the SACOG 2022 Green Means Go Funding Program for Infrastructure and Planning Activities Associated with the Development of 300 Persifer Street
2. Resolution 10917 - A Resolution of the City of Folsom Authorizing the City's Allocation of \$800,000 in Home Funds Received Through Participation in the SHRA HOME Consortium to Habitat for Humanity for the Construction of 10 Affordable Housing Units at 300 Persifer Street

## **BACKGROUND / ISSUE**

On December 14, 2021 and in compliance with the State's Surplus Land Act, the City Council approved the sale of surplus land located at 300 Persifer Street to Habitat for Humanity of Greater Sacramento, Inc. for the purpose of developing affordable housing. The 0.91-acre Persifer Street site is located on the northeast corner of Persifer Street and Coloma Street as shown on the exhibit below.



Through the good faith negotiation process, the following terms were settled upon:

1. The vacant surplus property will be subdivided by the City into five individual residential lots in keeping with the historic Theodore Judah lotting pattern each with 7,000 square foot lot size, 50-foot lot width, and 140-foot lot depth.
2. The vacant surplus property will be sold to Habitat for a total sum of \$10,000 for the purpose of creating at least one for-sale affordable housing unit on each of the five lots, with an additional smaller secondary or accessory dwelling unit on each lot along the adjoining alley consistent with local zoning and State housing law.
3. Transfer of ownership of the Property to Habitat is subject to Habitat entering into a Regulatory Agreement and Declaration of Restrictive Covenants to ensure affordability of the units for 55 years as required by law.
4. The City will support Habitat's efforts to secure future grant funding and/or fee reductions for off-site infrastructure improvements, design, and permitting.

## **POLICY / RULE**

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

## **ANALYSIS**

As indicated in the background section of this report, part of the property sale negotiations included city support efforts to assist Habitat in securing future grant funding and/or fee

reductions for infrastructure improvements, design, and permitting associated with the project. Over the last several months, staff and Habitat have identified two promising grant opportunities:

1. Sacramento Area Council of Government (SACOG) 2022 Early Activation Green Means Go grant; and
2. Federal HOME funds grant from Sacramento Housing Redevelopment Agency (SHRA).

## **Grant Analysis**

Grant #1 - SACOG Green Means Go Early Activation Grant - The 2022 Green Means Go program is designed to fund non-transportation infrastructure and planning that accelerates infill housing within locally adopted Green Zones and supports housing affordability. Eligible project sponsors (i.e., lead applicants) are the 22 cities and six counties within the SACOG region; however, partnerships between lead agencies and other public agencies, nonprofits, or community groups are highly encouraged. There are three competitive grant categories associated with this funding: Early Activation, Planning, and Capital. City staff and the Habitat team have identified the first category, Early Activation, as a great opportunity to apply for funding some of the Project's non-transportation infrastructure and design planning. The \$3 million Early Activation category (Category A) is designed to fund either planning and/or infrastructure activities that accelerate infill residential development in the near term (grant funds must be expended by October 2024). Furthermore, project scopes submitted to this Early Activation category must be for specific non-transportation (defined as water, wastewater, stormwater, electricity/dry utilities, and/or broadband) infrastructure components and can include site-specific activities. Based on Habitat's most recent Project budget, approximately \$550,000 in non-transportation infrastructure costs and \$105,000 in planning design costs would be eligible to receive this grant funding. In addition, because the storm drain in the alley adjacent to the project site is not to current standards and results in a conflict with standard sewer ties-ins for the project, staff also proposes to request an additional \$40,000 for a hydraulic analysis and evaluation of the existing storm drain system to identify any necessary improvements to resolve potential sewer tie-in issues for the project and bring the storm drain system up to current standards. With City Council's authorization, staff will submit a timely Green Means Go application to SACOG in an amount not to exceed \$750,000 (non-transportation infrastructure costs, planning design costs, storm drain/hydraulic study costs, planning design costs, and a 5% contingency allowance and rounded to the nearest \$50,000). The grant application has a due date of September 15, 2022, and all grant funds must be fully expended by October 2024.

Grant #2 – HOME - The Federal HOME Investment Partnerships Program (HOME) provides grants to fund a wide range of activities including construction, acquisition, and/or rehabilitation of affordable housing. SHRA administers these funds on Sacramento County's behalf as an entitlement jurisdiction. The County of Sacramento is part of a HOME Consortium, which allows local governments that would not otherwise qualify for federal funding to join with other contiguous units of local government to directly participate in the HOME program.

The Cities of Citrus Heights, Folsom, Isleton, Galt, and Rancho Cordova are members of the County of Sacramento's HOME Consortium.

Four affordable housing projects in Folsom previously received HOME funds. These projects include Mercy Village Folsom, Creekview Manor Senior Apartments, Forestwood Apartments and Bidwell Oaks Apartments. In addition, the Sage Senior apartment project, which is currently under construction, received HOME funding approval in 2021, however, because the developer later was able to secure Tax Credit funding, the developer withdrew the request to receive the HOME funds and therefore these funds are still available for a Folsom affordable housing project.

In order to meet the September 1, 2022 application deadline, Habitat submitted a timely application to SHRA for \$800,000 in HOME funds as the only currently qualified project in the City of Folsom. If awarded, the total \$800,000 amount includes a forward commitment of the City's HOME funding allocation through 2025. Given constraints associated with this funding, few projects qualify for these funds. Habitat is uniquely qualified and well positioned for the funding in the current multi-year cycle. SHRA supports this project and intends to take this request to the SHRA Board and the County Board of Supervisors for consideration and action in early 2023.

Staff is recommending that the City Council authorize both grant opportunities (SACOG Green Means Go and HOME funds), presented in Resolution No. 10916 and Resolution No. 10917.

### **FINANCIAL IMPACT**

Neither of the grant applications require a financial match. For the SACOG Green Means Go grant, the project would receive funding initially through the City Housing Fund (Fund 238) and the city would be reimbursed by the Green Means Go Grants Program funds in accordance with the reimbursement schedule. As such, an appropriation up to \$750,000 would be required. For the HOME grant, funding would be provided to Habitat directly from SHRA.

### **ENVIRONMENTAL REVIEW**

The proposed project is categorically exempt from environmental review under Section 15194 (Affordable Housing Exemption) of the CEQA Guidelines.

### **ATTACHMENTS**

1. Resolution 10916 - A Resolution Authorizing an Application for the SACOG 2022 Green Means Go Funding Program for Infrastructure and Planning Activities Associated with the Development of 300 Persifer Street
2. Resolution 10917 - A Resolution of the City of Folsom Authorizing the City's Allocation of \$800,000 in Home Funds Received Through Participation in the SHRA HOME Consortium to Habitat for Humanity for the Construction of 10 Affordable Housing Units at 300 Persifer Street

Submitted,

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

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Pam Johns, Community Development Director

## Attachment 1

Resolution 10916 - A Resolution Authorizing an Application for the SACOG 2022  
Green Means Go Funding Program for Infrastructure and Planning Activities  
Associated with the Development of 300 Persifer Street

**RESOLUTION NO. 10916**

**A RESOLUTION AUTHORIZING AN APPLICATION FOR THE SACOG 2022 GREEN MEANS GO FUNDING PROGRAM FOR INFRASTRUCTURE AND PLANNING ACTIVITIES ASSOCIATED WITH THE DEVELOPMENT OF 300 PERSIFER STREET**

**WHEREAS**, Habitat for Humanity of the proposed Persifer Street Affordable Housing project, located at the northeast corner of the intersection of Persifer Street and Coloma Street, is in the process of securing the majority of funding necessary to build the 10-unit 100% affordable housing project in which units will be affordable to low income households; 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 City (as a lead agency) is eligible to apply for the Sacramento Area Council of Government (SACOG) 2022 Green Means Go Early Activation grant for non-transportation infrastructure and planning activities that accelerate infill housing within locally adopted Green Zones and supports housing affordability; and

**WHEREAS**, partnerships between lead agencies and other public agencies, nonprofits, or community groups are highly encouraged; and

**WHEREAS**, based on Habitat's most recent budget for the Persifer Street project, approximately \$550,000 in non-transportation infrastructure costs and \$105,000 in planning design costs would be eligible to receive this grant fundings; and

**WHEREAS**, staff also proposes to request an additional \$40,000 for a hydraulic analysis and evaluation of the existing storm drain system to identify any necessary improvements to bring the storm drain system adjacent to the project site up to current standards; and

**WHEREAS**, the total combined funding request is an amount up to \$750,000, with no city match required; and

**WHEREAS**, the proposed project is categorically exempt from environmental review under Section 15194 (Affordable Housing Exemption) of the CEQA Guidelines

**NOW, THEREFORE BE IT RESOLVED**, that the City Council of the City of Folsom hereby authorizes the application to the Sacramento Area Council of Government for the 2022 Green Means Go Funding Grant for eligible infrastructure and planning activities associated with the development of 300 Persifer Street.

**PASSED AND ADOPTED** this 13<sup>th</sup> day of September 2022 by the following vote, to wit:

**AYES:** Councilmember(s):



**NOES:** Councilmember(s):

**ABSENT:** Councilmember(s):

**ABSTAIN:** Councilmember(s):

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Kerri M. Howell, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK



## Attachment 2

Resolution No. 10917 - A Resolution of the City of Folsom Authorizing the City's Allocation of \$800,000 in Home Funds Received Through Participation in the SHRA HOME Consortium to Habitat for Humanity for the Construction of 10 Affordable Housing Units at 300 Persifer Street

**RESOLUTION NO. 10917**

**A RESOLUTION OF THE CITY OF FOLSOM AUTHORIZING THE CITY'S ALLOCATION OF \$800,000 IN HOME FUNDS RECEIVED THROUGH PARTICIPATION IN THE SHRA HOME CONSORTIUM TO HABITAT FOR HUMANITY FOR THE CONSTRUCTION OF 10 AFFORDABLE HOUSING UNITS AT 300 PERSIFER STREET**

**WHEREAS**, Habitat for Humanity of the proposed 300 Persifer Affordable Housing project, located at the northeast corner of the intersection of Persifer Street and Coloma Street, is in the process of securing the majority of funding necessary to build the 10-unit 100% affordable housing project in which units will be affordable to low income households; 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 City is allocated HOME Investment Partnerships Program (HOME) funding annually or through a three-year cycle by the Sacramento Housing and Redevelopment Agency (SHRA) HOME Consortium for the purpose of supporting low-income housing creation; and

**WHEREAS**, Habitat has submitted a HOME application to SHRA requesting a \$800,000 commitment of the City's HOME allocation to the project which includes a forward commitment of and will utilize the City's Home funds through 2025; and

**WHEREAS**, Habitat's request for a grant of \$800,000 in HOME funds is appropriate given project costs and development fees; and

**WHEREAS**, funding for the requested affordable housing grant will not impact the City's General Fund; and

**WHEREAS**, the proposed project is categorically exempt from environmental review under Section 15194 (Affordable Housing Exemption) of the CEQA Guidelines.

**NOW, THEREFORE BE IT RESOLVED THAT**, the City of Folsom does hereby authorize commitment of \$800,000 in HOME funds received through SHRA to Habitat of Humanity of Greater Sacramento to construct the affordable housing project at 300 Persifer Street.

**PASSED AND ADOPTED** this 13<sup>th</sup> day of September 2022 by the following vote, to wit:

**AYES:** Councilmember(s):

**NOES:** Councilmember(s):

**ABSENT:** Councilmember(s):

**ABSTAIN:** Councilmember(s):

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Kerri M. Howell, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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