

CITY OF ROCKLIN

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROCKLIN APPROVING AN AFFORDABLE HOUSING AGREEMENT BY AND BETWEEN THE CITY AND COMMUNITY HOUSINGWORKS, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

WHEREAS, the City of Rocklin (“City”) previously established a redevelopment agency within the corporate limits of the City, which redevelopment agency was known as the “Rocklin Redevelopment Agency” (“Former Agency”); and

WHEREAS, in connection with the exercise of its public functions, including utilizing certain revenues of the Former Agency to promote affordable housing, the Former Agency established and maintained a low and moderate income housing fund (the “LMIHF”); and

WHEREAS, the State of California eliminated all redevelopment agencies within the State, including without limitation the Former Agency. In connection with activities related to the dissolution of the Former Agency, the City was designated as the housing successor entity to the Former Agency related to affordable housing; the City received the LMIHF moneys as well as certain land which had been acquired by the Former Agency, including without limitation certain land located generally at Pacific, Oak and Pine, and is more particularly described in the “Affordable Housing Agreement” as defined below; that property is referred to herein as the “Site”; and

WHEREAS, the City has desired to attract an experienced developer and operator of affordable rental housing to accomplish the development of the Site for affordable rental housing; and

WHEREAS, as part of the efforts of the City with regard to the Site, the City issued a notice of availability as to the Site and conducted further efforts in furtherance of California laws and regulations pertaining to the disposition of surplus property; and

WHEREAS, after various proposals were evaluated, the City identified Community HousingWorks, a California nonprofit public benefit corporation (“Developer”) as the respondent with the highest number of proposed units and deepest levels of affordability, and staff entered into negotiations toward an agreement providing for the disposition of the Site and its operation for affordable rental housing purposes; and

WHEREAS, the efforts of staff and Developer have resulted in the preparation of an agreement, including a form of ground lease, under which the City would agree to ground lease the Site to Developer or one or more subsidiaries of Developer upon which the construction of improvements dedicated to affordable rental housing to households of limited income will be accomplished on the Site. The form of agreement, substantially in the form submitted herewith (the “Affordable Housing Agreement” or for convenience, “Agreement”) provides, in part, that there are a number of conditions precedent to affecting the ground leasing of the Site including Developer providing evidence of financing adequate to complete and implement the anticipated development; the Agreement further implements the May Commitment of the Commitment Amount. The conditions precedent to ground lease, insurance provisions, requirements for City land use approvals and permits, and other provisions customary to similar agreements are set forth in the Agreement. A

copy of the Agreement has been on public display prior to the meeting at which the Agreement is being considered; and

WHEREAS, under the Agreement, Developer has proposed to ground lease from the City the Site, and to construct approximately one hundred ten (110) rental housing units thereon, of which all but one manager's unit would be restricted at affordable rent to households of limited income, including not fewer than twenty three (23) households having incomes of not greater than thirty percent (30%) of area median income ("Extremely Low Income Households") and additional units would be available on the basis set forth in the Agreement. The Agreement further contemplates that Developer would proceed with efforts to obtain land use approvals and to obtain financing commitments for the development of the Site (together with the use of the Commitment Amount). In addition, Developer may seek to divide the Site into two portions and to utilize subsidiaries of Developer to affect the development of those respective portions (under two ground lease); and

WHEREAS, it is contemplated, as provided in the Agreement, that the Commitment Amount would be infused as a loan or loans (the "City Loan"); such City Loan would be subject to repayment from "Residual Receipts" as more fully set forth in the Agreement; and

WHEREAS, the Agreement will leverage the investment of the City by requiring the Developer to obtain additional financing for the construction and operation of the Project through a combination of funding sources, to include an equity contribution by a limited partner investor in consideration for certain federal and state tax credits (collectively, "Tax Credits"), as described in greater detail in the Agreement; and

WHEREAS, the Agreement furthers the affordable housing goals of the Former Agency as well as the affordable housing goals of the City as it will facilitate the creation of affordable rental housing; and

WHEREAS, the Legislature declares in Health and Safety Code Section 36000, et seq., that new forms of cooperation with the private sector, such as leased housing, disposition of real property acquired through redevelopment, development approvals, and other forms of housing assistance may involve close participation with the private sector in meeting housing needs, without amounting to development, construction or acquisition of low rent housing projects as contemplated under Article XXXIV of the State Constitution; and

WHEREAS, Health and Safety Code Section 37001.5 provides that a public body does not develop, construct or acquire a low rent housing project under Article XXXIV of the State Constitution when the public body provides assistance to a low rent housing project and monitors construction or rehabilitation of the project to the extent of carrying out routine governmental functions, performing conventional activities of a lender, and imposing constitutionally mandated or statutorily authorized conditions accepted by a grantee of assistance; and

WHEREAS, under the Agreement, the City would provide limited financing for the Project, would act as the local land use authority, and would impose restrictions on incomes and rents consistent with the requirements of the sources of the funding that will be utilized by the City; and

WHEREAS, the Agreement provides for assistance by the City to the Project, and the City's monitoring of construction of the Project to the extent of carrying out routine governmental

functions, performing conventional activities of a lender, and imposing constitutionally mandated or statutorily authorized conditions accepted by a grantee of assistance; and

WHEREAS, under the Agreement, the Developer (or one or more approved assignees thereof) shall lease the Site from the City at rent described in a report to the City and City Council concerning the Agreement (the “Report”); the Report, which has been on file with the City Clerk prior to the meeting at which the Agreement is to be considered, contains information similar to that described in Section 33433 of the California Health and Safety Code. The financial participation by the City under the Agreement is in consideration of the particular uses required by the Agreement to be conducted by Developer on the Site as well as the Developer’s undertakings concerning the development and operation of improvements for affordable rental housing; and

WHEREAS, the economic consideration (rent and repayment of the Commitment Amount, which is identified in the draft Agreement as the “City Loan Amount”) is not less than the fair reuse value of the Site, as determined by a reuse value analysis prepared for the City by Keyser Marston Associates, a consultant retained by the City; and

WHEREAS, the City, as a municipal corporation and as a housing successor entity, is authorized to ground lease the Site on the basis described herein; and

WHEREAS, a public hearing of the City Council on the proposed Agreement was duly noticed substantially in the manner described at Health and Safety Code Sections 33431 and 33433; and

WHEREAS, the proposed Agreement, and a summary report were available for public inspection prior to the public hearing; and

WHEREAS, on November 8, 2022, the City Council held a public hearing on the proposed Agreement, at which time the City Council reviewed and evaluated all of the information, testimony, and evidence presented during the public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the California Environmental Quality Act (Section 21000, et. seq. of the California Public Resources Code, hereafter “CEQA”) requires analysis of agency approvals of discretionary “projects”. Under Section 15378 of the California Code of Regulations, Title 14, Division 6, Chapter 3 (“CEQA Guidelines”), a “project” may include “the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment”; and

WHEREAS, City staff has reviewed the proposed Agreement in relation to the provisions of the California Environmental Quality Act (CEQA) and has determined that the approval of the Agreement is exempt from additional environmental processing at this time in view of the rationale provided below; and

WHEREAS, the City Council have duly considered all of the terms and conditions of the proposed Agreement and believes that the development of the Site pursuant to the Agreement faithfully and fairly implements the financial commitment made on September 27, 2022, and is in the

best interests of the City of Rocklin and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROCKLIN DOES RESOLVE AS FOLLOWS:

Section 1. The proposed DDA is not subject to review under CEQA pursuant to CEQA Guidelines Sections 15060(c)(2) and 15061 (b)(3) of the California Does of Regulations, Title 14, Division 6, Chapter 3 (“CEQA Guidelines”) as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and there is no possibility the activity in question may have a significant effect on the environment.

Section 2. The City Council hereby determines that the assistance to be provided pursuant to the Agreement does not constitute development, construction or acquisition of a low-rent housing project within the meaning of Article XXXIV of the State Constitution. This Resolution is hereby deemed to constitute a final approval of a proposal which may result in housing assistance benefiting persons of low income, within the meaning of Health and Safety Code Section 36005.

Section 3. The City Council finds and determines that, based upon substantial evidence provided in the record before it, the consideration for the City’s disposition of the Site by lease pursuant to the terms and conditions of the Agreement is not less than the fair reuse (lease) value at the use and with the covenants and conditions and development costs authorized by the Agreement.

Section 4. The City Council finds and determines that the statements set forth in the preceding Recitals hereof are true and correct.

Section 5. The City Council approves the Agreement in substantially the form presented to the City Council, subject to such revisions as may be made by the City Manager of the City or the City Manager’s designee. A copy of the Agreement when executed by the City shall be placed on file in the office of the City Clerk.

Section 6. The City Manager, or the City Manager’s designee, is hereby authorized to approve all financial transactions, budgets, and appropriations needed to carry out the financing in connection with the Agreement in accordance with the law and City policy.

APPROVED AND ADOPTED this 8th day of November, 2022.

By: _____
Bill Halldin, Mayor

ATTEST:

Hope Ithurburn, City Clerk

STATE OF CALIFORNIA)
COUNTY OF PLACER)
CITY OF ROCKLIN)

I, Hope Ithurburn, City Clerk of the City of Rocklin, do hereby certify that the foregoing Resolution No. _____ was introduced and adopted at a regular meeting provided by law of the City Council of the City of Rocklin held on the 8th day of November, 2022, by the following vote of the members thereof:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS: