



Agenda Item

City Council

Item #: 11.2.

1/12/2021

File #: 20-345

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: William Crouch, Community Development Director

1. SUBJECT

Public Hearing to consider amendments to the Fiscal Year 2020-21 Action Plan to allocate HOME Investment Partnership funds as well as HOME Program Income to the Corp Yard Affordable Housing project and approval of the preliminary award letter of HOME Investment Partnership funds for the State of California Low Income Housing Tax Credits application. (Relates to Items 7.5, 11.1, and 11.3)

2. SUMMARY

The U.S. Department of Housing and Urban Development requires the City to amend the Fiscal Year 2020-2021 Action Plan in order to allocate \$1,220,618.23 in HOME Investment Partnerships funds and \$379,381.77 in HOME Program Income, a total of \$1,600,000, to the Corp Yard Affordable Housing project. The California Low Income Housing Tax Credits application process requires the project proponent to submit a preliminary award letter of HOME Investment Partnerships funds approved by the City Council.

3. RECOMMENDED ACTION

1. Approve the submittal of the amended Fiscal Year 2020-2021 Action Plan for the allocation of HOME funds to the Corp Yard Affordable Housing Project to the U.S. Department of Housing and Urban Development.
2. Authorize the City Manager to execute the attached preliminary award letter of \$1,600,000 in HOME Investment Partnerships funds for the Corp Yard Affordable Housing project.

4. FISCAL IMPACT

Administration and implementation of this project is anticipated to be fully funded under the Fiscal Year 2020-2021 HOME Investment Partnerships program (317).

5. STRATEGIC PLAN GOALS

Goal 3: Enhance and promote the quality of life in the community.

- e: Develop and strengthen collaborative partnerships to enhance quality of life programs, projects, and services.
- c: Support and enhance attractive, diverse living environments.

6. DISCUSSION AND BACKGROUND

The Corp Yard Affordable Housing project is a 62-unit affordable rental housing project proposed by a

partnership between Orange Housing Development Corporation (OHDC), C&C Development Co., LLC (C&C), and the City. The project is to be located on a portion of the existing City Corp Yard property at 647 West Struck Avenue and will consist of two, three-story buildings as well as 127 parking spaces and open space amenities. The City is providing financial assistance to this project by offering a land loan, Low Income Housing Set Aside funds, the deferral of the City's development impact fees, and the allocation of federal HOME funds.

OHCD and C&C have a long history of partnering with the City to develop and manage quality affordable housing. The statewide elimination of redevelopment agencies in 2012 removed an important funding source for affordable housing, and creative solutions are required to fund these projects.

The City HOME funds being applied to the project consist of \$379,381.77 in HOME Program Income and \$1,220,618.23 in HOME development funds for a total of \$1,600,000. The City must submit an amended Fiscal Year 2020-2021 Action Plan to the U.S. Department of Housing and Urban Development for the allocation of HOME funds to this project. The amended Action Plan was published for a 30-day public review process between November 16 and December 16, 2020. No public comments were received.

The County of Orange is also providing federal funds including approximately \$2.4 million in Section 8 vouchers (rental housing assistance paid directly to private landlords) as well as \$479,000 in HOME funds. The City collaborated with the County of Orange to jointly conduct environmental clearance in order to comply with the federal National Environmental Policy Act. The environmental analysis concluded that the project will not result in any potential significant impacts to the environment. The environmental assessment was published for a 15-day public review process from December 10 to December 24, 2020. The City did not receive any public comments.

Additionally, the applicant will apply for the State of California Low Income Housing Tax Credits to finance the project. As part of the application process, the applicant needs to provide a preliminary award letter of HOME funds from the City to successfully apply and receive low income tax credits.

This staff report is one of four on the January 12, 2021 Council agenda that address the financing and development of the proposed project. The three associated reports address the following portions:

- Project Entitlements and a Density Bonus Agreement
- Affordable Housing Disposition, Development, and Loan Agreement
- Tax Equity and Fiscal Responsibility Tax Act (TEFRA) hearing so that the project can qualify for tax-exempt bonds

Staff requests the City Council approve the amended Fiscal Year 2020-2021 Action Plan to be submitted to HUD as well as approve and authorize the City Manager to sign the necessary preliminary award letter for HOME funds.

7. ATTACHMENTS

- The Amended Fiscal Year 2020-2021 Action Plan
- Preliminary Award Letter