



AGENDA

SPECIAL MEETING –STUDY SESSION OF THE SANTA FE SPRINGS HOUSING SUCCESSOR

**October 11, 2018
5:00 P.M.**

Council Chambers
11710 Telegraph Road
Santa Fe Springs, CA 90670

Jay Sarno, Mayor
Juanita Trujillo, Mayor Pro Tem
Richard J. Moore, Councilmember
William K. Rounds, Councilmember
Joe Angel Zamora, Councilmember

Public Comment: The public is encouraged to address City Council on any matter listed on the agenda or on any other matter within its jurisdiction. If you wish to address the City Council, please complete the card that is provided at the rear entrance to the Council Chambers and hand the card to the City Clerk or a member of staff. City Council will hear public comment on items listed on the agenda during discussion of the matter and prior to a vote. City Council will hear public comment on matters not listed on the agenda during the Oral Communications period.

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Please Note: Staff reports, and supplemental attachments, are available for inspection at the office of the City Clerk, City Hall, 11710 E. Telegraph Road during regular business hours 7:30 a.m.-5:30 p.m., Monday-Thursday and every other Friday Telephone (562) 868-0511.

1. **CALL TO ORDER**

2. **ROLL CALL**

Richard J. Moore, Councilmember
William K. Rounds, Councilmember
Joe Angel Zamora, Councilmember
Juanita Trujillo, Mayor Pro Tem
Jay Sarno, Mayor

HOUSING SUCCESSOR

STUDY SESSION

3. Provide Staff with further directions regarding the development of affordable housing on the ±3.93-acre site (APN: 8011-012-902) at 13241 Lakeland Road and the adjacent three (3) parcels, (APN: 8011-011-906, 8011-011-907, 8011-011-912), with a combined area of ±36,342 sq. ft., within the R-3-PD, at the northeast corner of Lakeland Road and Laurel Avenue, within the R-3-PD, Multiple-Family Residential-Planned Development Overlay, Zone

Recommendation: That the Housing Successor:

- Provide staff with direction regarding the development of affordable housing on the ±3.93-acre site (APN: 8011-012-902) at 13241 Lakeland Road and the adjacent three (3) parcels, (APN: 8011-011-906, 8011-011-907, 8011-011-912) at the northeast corner of Lakeland Road and Laurel Avenue; and
- Provide staff with direction, other than what is enumerated above.

4. **ADJOURNMENT**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at the following locations; Santa Fe Springs City Hall, 11710 Telegraph Road; Santa Fe Springs City Library, 11700 Telegraph Road; and the Town Center Plaza (Kiosk), 11740 Telegraph Road, not less than 72 hours prior to the meeting.



Janet Martinez, CMC
Secretary

October 4, 2018
Date



City of Santa Fe Springs

Housing Successor

October 11, 2018

STUDY SESSION

Provide Staff with further directions regarding the development of affordable housing on the ±3.93-acre site (APN: 8011-012-902) at 13241 Lakeland Road and the adjacent three (3) parcels, (APN: 8011-011-906, 8011-011-907, 8011-011-912), with a combined area of ±36,342 sq. ft., within the R-3-PD, at the northeast corner of Lakeland Road and Laurel Avenue, within the R-3-PD, Multiple-Family Residential-Planned Development Overlay, Zone.

RECOMMENDATIONS: That the City Council as Housing Successor:

- Provide staff with direction regarding the development of affordable housing on the ±3.93-acre site (APN: 8011-012-902) at 13241 Lakeland Road and the adjacent three (3) parcels, (APN: 8011-011-906, 8011-011-907, 8011-011-912) at the northeast corner of Lakeland Road and Laurel Avenue; and
- Provide staff with direction, other than what is enumerated above.

BACKGROUND

At the September 27, 2018, City Council meeting, Staff, gave a presentation on:

- the background of the subject properties
- the City's prior history in trying to sell the property to develop the properties with affordable housing through a Request For Proposal (RFP)
- issues with the Disposition and Development Agreement (DDA)
- post-RDA dissolution, the limited availability of funding sources and new rules pertaining to how Low-and-Moderate-Income-Housing-Funds (LMIHF) could be spent
- the 2008/2009 financial market collapse
- the establishment of an "Interested Parties" list for prospective developers to be notified through an RFP process, and
- The Whole Child's request to develop affordable housing with supportive services for homeless families, but by bypassing the RFP process.

After a question and answer session, including testimony from The Whole Child's CEO and Housing Director, the Mayor made a motion to bring this item back as a Study Session item to give the City Council options on the types of affordable housing would be most appropriate for that site.

To facilitate the Study Session discussion, Staff thought it would be beneficial to provide the following items:

- Affordable Housing Options
- Other factors to consider including requirements under state law for the use of affordable housing funds and the City's affordable housing goals and

obligations according to its Regional Housing Needs Assessment (RHNA)

Affordable Housing Options

The various housing options that are available for this site include, but are not limited to: (1) housing for the homeless, veterans, special needs, seniors; (2) housing attached, housing detached; (3) housing for-sale, housing for rent; (4) housing with supportive services on-site, housing with supportive services off-site; and/or (5) housing with a variety of income levels or housing with the same income levels. As noted in the 2017 General Plan Housing Element Annual Progress report, while the City has fulfilled its RHNA needs for above moderate-income households, it has an unmet need for a total of 184 lower and moderate-income units. The City will need to continue to provide sites for a mix of single-family, multi-family and mixed-use housing, supported by a variety of programs to enhance affordability to accommodate its outstanding RHNA throughout the planning period (January 1, 2014-October 1, 2021).

Regional Housing Needs Assessment 2014-2021:

One factor that may influence the City Council's decision on which type of affordable housing should be utilized is the City's Regional Housing Needs Assessment obligations for the years 2014-2021. State Housing Element law requires that each city and county develop local housing programs to meet its "fair share" of existing and future housing needs for all income groups. The Southern California Association of Governments (SCAG) is responsible for developing and assigning these regional needs, or RHNA, to Southern California jurisdictions. Pursuant to the RHNA planning period, the City's Housing Element is an eight-year plan extending from 2014-2021. As defined by the recent Final Recommended RHNA, Santa Fe Springs need for the 2014-2021 period has been established at 324 new units, distributed among five household income categories of "extremely low," "very low," "lower," "moderate," and "above moderate."

Regional Housing Needs Assessment 2014-2021

Income Level	% of AMI ¹	Units	Percent
Extremely Low	0-30	41	13%
Very Low	31-50	41	13%
Lower	51-80	50	15%
Moderate	81-120	53	16%
Above Moderate	120+	139	43%
Total		324	100%

Source: <http://SCAG.ca.gov/Housing/rhna.htm>

*AMI = Area Median Income

*** An estimated half of the City's very low income housing needs (41 units) are for extremely low income households.

The RHNA represents the minimum number of housing units each community is required to provide "adequate sites" for through zoning and is one of the primary threshold criteria necessary to achieve State approval of the Housing Element. As the RHNA represents a planning target for new residential growth and not a building quota, so long as a jurisdiction provides sufficient sites and does not impose constraints to development, it is not penalized for falling short of its RHNA target.

Santa Fe Springs plans to fulfill its share of regional housing needs using a combination of the following methods:

- Residential projects with development entitlements with post 12/31/2013 occupancy
- Vacant residential sites, including sites owned by the Housing Successor to be developed with affordable housing; and
- Development/sale of Housing Acquisition and Rehabilitation Program (HARP) properties for first-time homebuyers.

Additionally, depending upon the type of development chosen by the City Council for this property, the City could also meet its RHNA target.

Eligible Use/Priority for Expenditure of LMIHAF

Additionally, following the dissolution of redevelopment agencies in the State of California, new eligibility requirements are in place for spending on low and moderate income housing projects. Former redevelopment agency assets that transferred to the housing successor must be held in a separate fund called the Low and Moderate Income Housing Asset Fund ("LMIHAF") and their use continue to be governed by applicable provisions of the CRL relating to affordable housing. HSC 34176(d).

Senate Bill 341 as amended, establishes the following priority for expenditure of funds in the LMIHAF:

Program Administration & Affordability Monitoring	Per year limitation is limited to the greater of \$200,000 or 5% of the value of land and loans and grants receivable.
Homeless Prevention & Rapid Rehousing	Limited to \$250,000 per year, provided that all replacement housing, housing production, monitoring, and database compilation and website publication requirements have been met

Development of housing which must be affordable to lower income households (80% of AMI or less)

"Development" means new construction, acquisition and rehabilitation, substantial rehabilitation as defined in Section 33413, the acquisition of long-term affordability covenants on multifamily units as described in Section 33413, or the preservation of an assisted housing development that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years.

Over a five year period:

- A minimum of 30% of funds must be expended on the development of rental housing for extremely low income households (30% of AMI or less)
- No more than 20% of funds may be expended on development of housing for households between 60% and 80% of AMI

If 30% of AMI rental expenditure requirement not met in any 5-year period, then 50% of funds in each successive year must be expended until target is met.

If the 60% to 80% of AMI expenditure cap is exceeded, no additional expenditures are allowed until limit is met.

If more than 50% of total deed restricted housing reserved for seniors, no more senior housing until the percentage falls below 50% (may be subject to 10 year limitation).

Additional Considerations:

Pooling funds with other Housing Successor Agencies

Successor Agencies may pool funds with other agencies within 15 miles of each other in the same MSA to assist 60% or less AMI households for:

- Transit Priority Projects
- Permanent Supportive Housing
- Farmworker Housing
- Special Needs Housing

Refer to H&S 34176.1 for additional requirements.

Land Development	<p>Consistent with existing law requiring that within 5 years from the date it first acquires the property, in this instance when the Department of Finance confirmed the property as a housing asset, initiate activities consistent with the development of the property for that purpose.</p> <p>Existing law provides that in the event that physical development of the property for this purpose has not begun by the end of a specified time period, or if the former redevelopment agency does not comply with this requirement, the property shall be sold and the moneys from the sale, less reimbursement to the agency for the cost of the sale, shall be deposited in the Low and Moderate Income Housing Fund.</p> <p>These provisions do not apply to interests in real property acquired on or after February 1, 2012.</p>
Annual Report to HCD	<p>The housing successor shall conduct, and shall provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction.</p> <p>If the housing successor is a city or county, it shall also include in its report pursuant to Section 65400 of the Government Code and post on its Internet Web site information for the previous fiscal year as specified in 34176.1(f).</p>
Benefit Findings	Benefit findings are not required to expend Housing

Excess Surplus	<p>If a housing successor has an excess surplus, the housing successor shall encumber the excess surplus for eligible purposes, or transfer the funds pursuant to H&S 34176.1 (2)(c) within three fiscal years.</p> <p>If the housing successor fails to comply with the foregoing, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.</p> <p>“Excess Surplus” means an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater.</p>
Income Calculation	Unchanged
Affordability Calculation	Unchanged
Periods of affordability	Unchanged: 45 years for-sale, and 55 years for rentals
Notice of Affordability Requirement	Unchanged

13241 Lakeland Rd

As discussed during the September 27, 2018 City Council meeting, Staff established an “Interested Parties” list for prospective developers to be notified through an RFP process and the RFP is now complete. The Interested Parties list includes Jamboree Housing, Community Housing Works, City Ventures, Southern California Association of Nonprofit housing, CBRE, Lee & Associates, National CORE and Azria Homes.

Under the California Constitution, a city may dispose of real property in most instances in any way it chooses, if the disposition is for the common benefit. Cal. Const. art XI, §5. See also California Government Code Sections 37350 and 37351. Additionally, while the Santa Fe Springs Municipal Code includes

requirements for the acquisition and/or disposal of material, supplies, equipment, personal property, and services (Sections 34.15 *et. seq.* and 37.01), it does not provide specific procedures for the sale of city-owned real property. However, virtually every sector of the economy, including, but not limited to the government, the military, educational institutions, nonprofits, venture capitalist firms and multi-national corporations, use the Request for Proposal (RFP) process. On paper at least, the process seem ideal for gathering multiple bids on a particular project or initiative or service, and indeed, within the RFP lies the key elements of what one hopes to achieve: details of the exact structure and requirements of said project. Also, hopefully, the offers received from an RFP are quality matches with respect to the project's objectives. While the RFP process may seem ideal, there are some drawbacks.

Pros and Cons of the RFP process

PROS	CONS
Clearly articulate the City's and Community Goals	Require a formal screening process, multiple reviews, meetings, presentations, follow-ups
Systematize a process for selection	Takes a while and a large number of responses is not necessarily a good thing
Provide evidence of a fair selection process	
Contribute to a very clear vision of what is needed, how and by what deadline and the available resources	
Creates a competitive and "level playing field"	
Provides an easy and cost effective way of vetting developers	

Conclusion

In conclusion, since the acquisition of the properties, the intent was always to develop them with affordable housing. At this stage, staff seeks direction on the type of housing to be developed there, with the possible options including (1) housing for the homeless, veterans, special needs, seniors; (2) housing attached, housing detached; (3) housing for-sale, housing for rent; (4) housing with supportive services on-site, housing with supportive services off-site; and/or (5) housing with a variety of income levels or housing with the same income levels.

FISCAL IMPACT

There are no fiscal impacts.

INFRASTRUCTURE IMPACT

There are no infrastructure impacts.

A handwritten signature in black ink, appearing to read "Raymond R. Cruz", with a stylized flourish at the end.

Raymond R. Cruz
City Manager

Attachments:

None