



Cathedral City

Legislation Text

File #: 2016-319, Version: 1

Housing Successor Agency

MEETING DATE: 8/24/2016

TITLE:

Exclusive Right to Negotiate with Urban Housing Communities for Land Located on Landau Blvd between Vega Road and Elizabeth Road

FROM:

Tami E. Scott, Administrative Services Director

RECOMMENDATION:

Staff recommends the City Council authorize the City Manager to execute an Exclusive Right to Negotiate on behalf of the Housing Successor Agency with Urban Housing Communities through June 30, 2018, for the exploration of a Veteran's Housing Project on vacant land on Landau between Vega Road and Elizabeth Road consisting of approximating 9 acres (APN's: 678-060-001 through 005 and 678-060-049 through 053).

BACKGROUND:

The Housing Successor Agency owns ten parcels of vacant land located on Landau Boulevard between Vega Road and Elizabeth Road that are approximately nine acres in size, rectangular in shape and easily accessible by Landau. The site is adjacent to public transportation and is zoned R-1. This is the most readily developable larger site owned by the Housing Successor Agency.

Staff has been approached by Urban Housing Communities ("UHC"), an experienced affordable housing developer, who desires to construct an affordable Veterans housing project of approximately 60 units on at least a portion of the site. In order to apply for the various funding sources that may be required to make this project a reality, UHC needs to provide evidence of site control. According to UHC, having an Exclusive Right to Negotiate ("Agreement") with the Housing Successor Agency would be adequate for this purpose. Entering into such an Agreement would commit the Housing Successor to only exploring development scenarios on this site with UHC during the period of the Agreement. The Agreement would acknowledge that the Housing Successor may be required to contribute this land as one source of project financing but that other funding sources will also have to be identified and secured. It will be the obligation of UHC to identify and apply for funding sources and UHC will have to provide evidence of having secured financing as part of the business terms that would be included in any future Disposition and Development Agreement ("DDA") that would have to be prepared and considered by the City Council in a future public hearing. In order to have adequate time to explore and receive funding awards and negotiate the terms of a potential DDA, UHC desires that this Agreement must run through June 30, 2018. UHC is currently exploring, as one source of financing, applying for Veterans Affairs Supportive Housing (VASH) vouchers which, if

successful, would be a significant step in securing project financing.

DISCUSSION:

UHC has submitted two potential financing scenarios for their proposed project, one of which is for 59 Veterans units plus a manager's unit to be funded from Federal 4% tax credits, VASH funding (Veterans Affairs Supportive Housing), State tax credits and a contribution from Home Depot. Both of the financing scenarios submitted indicate a need for additional funding from local or other unidentified sources in addition to the contribution of land. As such, other funding sources need to be identified that can be successfully layered so that the requirements of each funding source can be achieved without conflict. One potential additional financing source may be an award of State HOME funds, which is a competitive process.

Additionally, the site is currently zoned R-1 ("Single-Family Residential"). According to our Community Development Department, development of a 60-unit multi-family project on this site will require both a General Plan Amendment and a zone change. The minimum time to accomplish this is anticipated to be 120 days from date of application. Obtaining land use entitlements, to include a General Plan Amendment and zone change if necessary, would be the obligation of UHC, although this would not have to be accomplished unless funding sources are identified and a future Disposition and Development Agreement is negotiated and approved at a public hearing.

Entering into this Exclusive Right to Negotiate does not commit the Housing Successor Agency or City Council to approving a future Disposition and Development Agreement. Instead, it merely prohibits the City from negotiating with any other potential developers or from disposing of this site during the term of the Agreement. By entering into this Agreement, UHC is then comfortable in committing the staff time and effort needed by them to explore development and financing scenarios and to complete the numerous, lengthy and complicated applications required by the various affordable housing funding sources.

FISCAL IMPACT:

This particular site is not subject to any assessments or LLC's, so the Housing Successor's carrying costs during the time of the Agreement would be limited to weed abatement, removal of dumped items and potentially dust control. The Housing Successor does have an obligation to provide affordable units and this is the most likely Housing Successor site for a project.

ATTACHMENTS:

None