# *Report to the Auburn Urban Development Authority*

Action Item

Agenda Item No. 3

City Manager's Approval

| | |
|---|---|
| **To:** | Chair and Authority Members |
| **From:** | Reg Murray, Senior Planner |
| **Date:** | August 9, 2010 |
| **Subject:** | Mercy Auburn Senior Apartments – Commitment for AUDA Funding |

## *The Issue*

Should the Auburn Urban Development Authority approve a commitment to contribute $400,000 in funding from the Redevelopment Low/Moderate Housing Set Aside fund toward the construction of the Mercy Auburn Senior Apartment project at 585 Sacramento Street?

## *Conclusions and Recommendation*

A. By Resolution, the Auburn Urban Development Authority (AUDA) approves a commitment to contribute $400,000 from the Redevelopment Low/Moderate Housing Set Aside fund toward the construction of the Mercy Auburn Senior Apartment project at 585 Sacramento Street.

## *Background*

Mercy Housing California is proposing to develop the Mercy Auburn Senior Apartments, a new 60-unit affordable senior apartment complex located on a 3-acre portion of the Sisters of Mercy campus (Attachment 1). The Sisters campus currently includes a large conference center, offices, and an assisted living community.

The proposed project involves the construction of a three-story building with a number of amenities including: a full-time, live-in property manager; a community garden; a community room; a community kitchen; a library; a computer room; on-site laundry rooms; an exercise/walking path; and a full time resident services coordinator who connects seniors to community resources, classes, programs, and other events.

The Planning Commission reviewed the Mercy Auburn Senior Apartment proposal at their regular hearing on July 20, 2010. The Commission took action to recommended approval of the project to the City Council. The Planning Commission normally serves as the approving body for this type of project, however, since the project includes a density bonus and the applicant is requesting funding assistance from the City (i.e. $400,000 from the AUDA), the project was forwarded to the Auburn City Council for review. The City Council is scheduled to consider the project at their regular hearing on August 9, 2010.

***Funding History***

In 2009, Mercy Housing approached the City for funding assistance for the Mercy Senior Apartment project. The City adopted a resolution authorizing staff to submit a HOME application to the State of California Department of Housing and Community Development (HCD) for $4,000,000 in HOME funds. In addition, the AUDA approved a funding commitment of $300,000 for the project, contingent on the award of the HOME funds. Unfortunately, the City's application was not awarded HOME funds and the funding commitment lapsed.

The HCD has now released the 2010 HOME Program Funding Notice of Funding Availability (NOFA) and Mercy Housing will again pursue $4,000,000 in HOME funding for their project. This time, Mercy Housing will be applying as a CHDO (Community Housing Development Organization) and will act as the applicant.

Mercy Housing also just recently received notice from HUD that their HUD 202 application had been awarded for a total of $6,030,000.

In response to Mercy Housing's interest in the project, their submittal to the City for entitlement approval of the project, the recent award of the HUD 202 funding, and their pending application for HOME funding, staff supports the AUDA funding request and proposes that the Redevelopment Agency authorize $400,000 from the Redevelopment Low/Moderate Housing Set Aside fund. Exhibit A is the resolution for this funding commitment.

Local funds contributed to the program are counted as leverage and increase the competitiveness of the application for Mercy Housing. The Redevelopment Agency funds will help Mercy Housing California in financing the construction of the development and ensure the long-term affordability of the units to some of Auburn's lowest income seniors. The project helps the City of Auburn meet its affordable housing obligation with the Regional Housing Needs Allocation numbers from HCD and also contributes to the Redevelopment Agency's housing numbers.

A copy of the 2009 AUDA funding request, which includes additional background regarding needs in the Auburn area, is provided as Attachment 2.

***Alternatives Available to Council; Implications of Alternatives***

A. Approve the AUDA resolution to contribute $400,000 from the Auburn Redevelopment Agency. Approval will assist Mercy Housing in obtaining gap financing for the construction of the Mercy Auburn Senior Apartment complex.

B. Deny the resolution. Denial could eliminate up to $4,400,000 in gap funding for Mercy Housing, significantly affecting their ability to construct the Mercy Auburn Senior Apartment complex.

***Fiscal Impacts***

AUDA Commitment – $400,000 from the Redevelopment Agency's Low/Moderate Housing Set Aside fund.

***Additional Information***

Find attached the following

Attachments:

1. Site Location Map
2. 2009 AUDA Staff Report

Exhibits:

A. AUDA Resolution approving a commitment to contribute $400,000 toward the construction of the Mercy Auburn Senior Apartment project.

12

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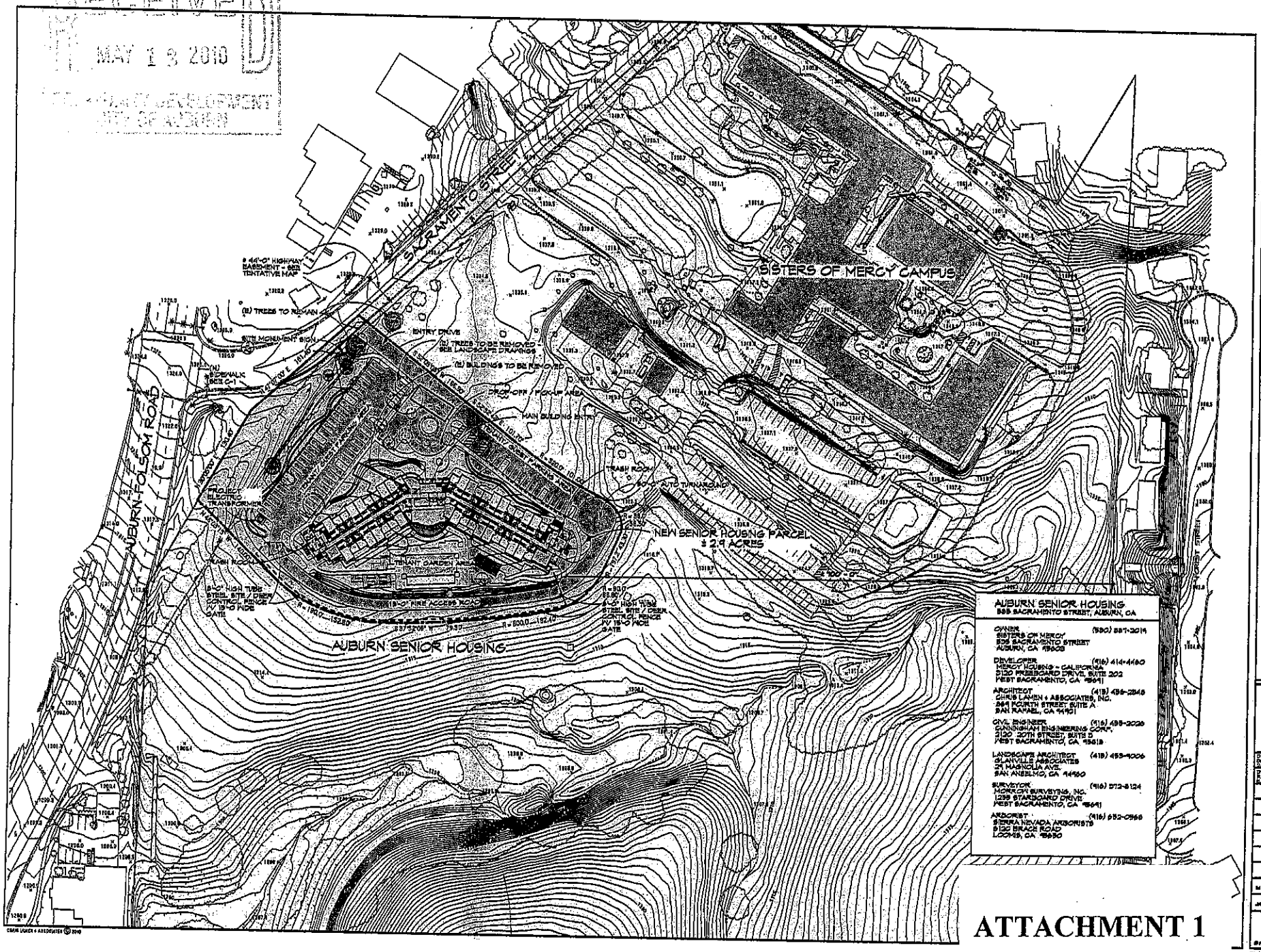
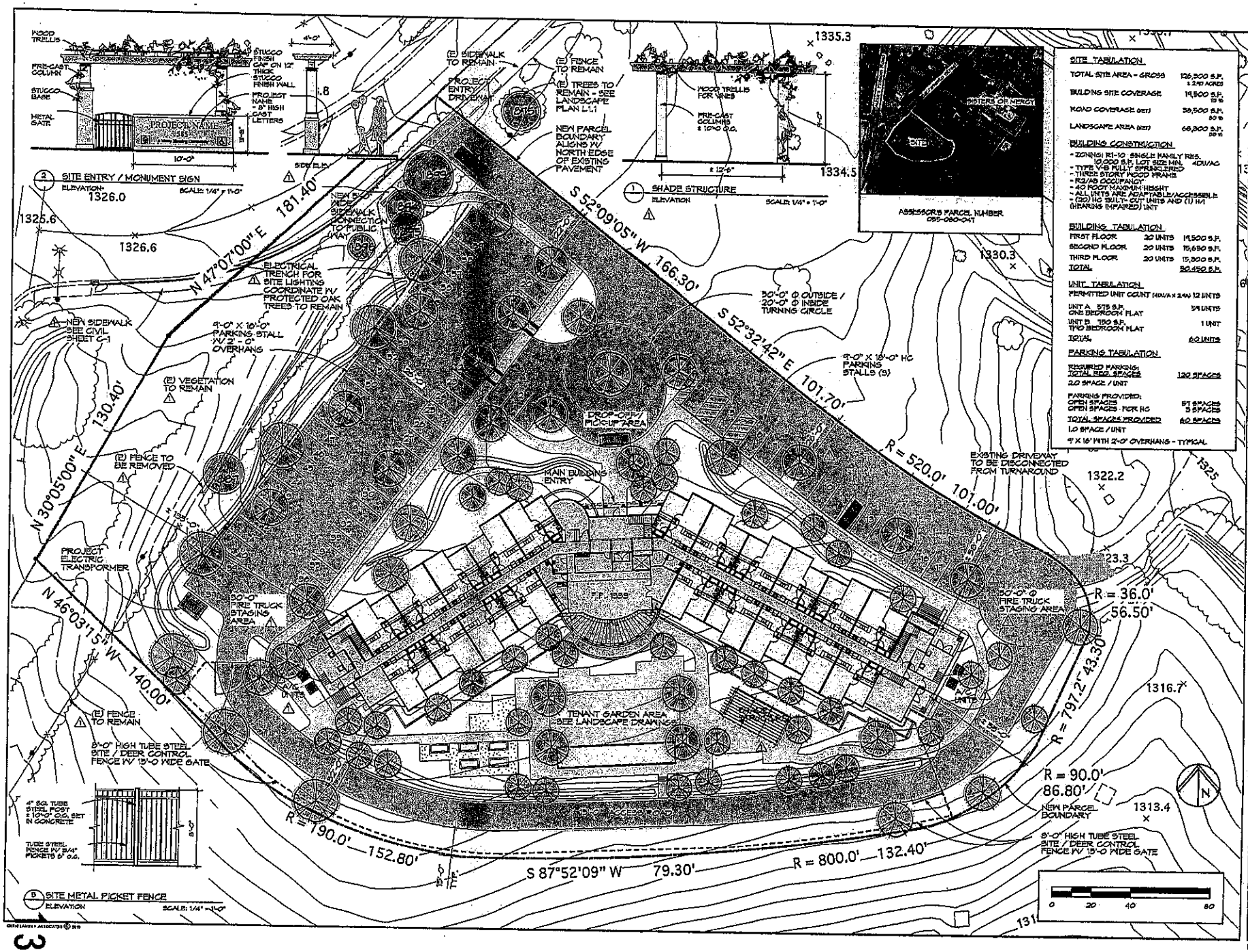
CITY OF AUBURN




ATTACHMENT 1




SITE TABULATION

| | |
|---|---|
| TOTAL SITE AREA - GROSS | 126,500 S.F. ± 2.90 ACRES |
| BUILDING SITE COVERAGE | 19,500 S.F. 15 % |
| ROAD COVERAGE (NET) | 38,500 S.F. 30 % |
| LANDSCAPE AREA (NET) | 68,300 S.F. 55 % |

BUILDING CONSTRUCTION

- ZONING: R1-10 SINGLE FAMILY RES. 10,000 S.F. LOT SIZE MIN. 4DU/AC
- TYPE V-B FULLY SPRINKLERED
- THREE STORY WOOD FRAME
- R2/A5 OCCUPANCY
- 40 FOOT MAXIMUM HEIGHT
- ALL UNITS ARE ADAPTABLE/ACCESSIBLE
- (20) HC BUILT-OUT UNITS AND (1) H/I (HEARING IMPAIRED) UNIT

BUILDING TABULATION

| | | |
|---|---|---|
| FIRST FLOOR | 20 UNITS | 19,500 S.F. |
| SECOND FLOOR | 20 UNITS | 15,650 S.F. |
| THIRD FLOOR | 20 UNITS | 15,300 S.F. |
| TOTAL | | 50,450 S.F. |

UNIT TABULATION

PERMITTED UNIT COUNT (4DU/A x 2.9A) 12 UNITS

| | |
|---|---|
| UNIT A 575 S.F. ONE BEDROOM FLAT | 59 UNITS |
| UNIT B 750 S.F. TWO BEDROOM FLAT | 1 UNIT |
| TOTAL | 60 UNITS |

PARKING TABULATION

| | |
|---|---|
| REQUIRED PARKING: TOTAL REQ. SPACES | 120 SPACES |
| 2.0 SPACE / UNIT | |
| PARKING PROVIDED: OPEN SPACES | 57 SPACES |
| OPEN SPACES FOR HC | 3 SPACES |
| TOTAL SPACES PROVIDED | 60 SPACES |
| 1.0 SPACE / UNIT | |

9' X 16' WITH 2'-0" OVERHANG - TYPICAL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# AUBURN SENIOR HOUSING

MERCY HOUSING, CALIFORNIA

585 SACRAMENTO ST. - AUBURN, CA

SITE PLAN

DESIGN REVIEW SUBMITTAL 2/22/2010

DESIGN REVIEW RE-SUBMITTAL 2/22/2010

SCALE 1" = 20' - 0" U.O.N.

JOB 2920

A2

Plot Date: 5/6/10

CHRIS LAMEN + ASSOCIATES © 2010

3

# *Report to the Auburn City Council and Auburn Urban Development Authority*

Action Item

Agenda Item No.

City Manager's Approval

ATTACHMENT 2

| | |
|---|---|
| **To:** | Mayor/Chair, City Council and Authority Members |
| **From:** | Wilfred Wong, Community Development Director |
| **Date:** | August 10, 2009 |
| **Subject:** | Mercy Auburn Senior Apartments – Authorization for HOME Program Participation; Authorization for Funding Request; and Commitment for AUDA Funding |

***The Issue***

Should the City Council authorize staff to submit an application to the State of California Housing and Community Development Department (HCD) requesting: a) participation in the HOME program; and b) an allocation of funds not to exceed four million dollars ($4,000,000) for the construction of the Mercy Auburn Senior Apartments, a 60-unit rental complex affordable to seniors to be located at 585 Sacramento Street?

Should the Auburn Urban Development Authority approve a commitment to contribute $300,000 in funding from the Redevelopment Low/Moderate Housing Set Aside fund toward the construction of the Mercy Auburn Senior Apartment project?

***Conclusions and Recommendation***

A. By Resolution, the Auburn City Council authorizes staff to submit an application to the California Department of Housing and Community Development (HCD) for HOME program participation and for an allocation of $4,000,000 to construct the Mercy Auburn Senior Apartments, a 60-unit affordable senior's apartment project.

B. By Resolution, the Auburn Urban Development Authority (AUDA) approves a commitment to contribute $300,000 from the Redevelopment Low/Moderate Housing Set Aside fund toward the construction of the Mercy Auburn Senior Apartment project.

***Background***

Each year the State of California Department of Housing and Community Development (HCD) issues a HOME Program Funding Notice of Funding Availability (NOFA) to assist cities, counties and nonprofit community housing development organizations (CHDOs) to create and retain affordable housing.

The 2009 NOFA was recently released and has available a minimum of $60 million. Eligible activities include housing rehabilitation, new construction, and acquisition and rehabilitation, for

both single-family and multifamily projects, and predevelopment loans by CHDOs. All activities must benefit lower-income renters or owners. The maximum award available to any one new construction project is $4 million. Applications are due August 17, 2009 and will be competitively rated and ranked. Typically there are more applications than funds available.

***Development Proposal***

The City of Auburn has been approached by Mercy Housing California to develop the Mercy Auburn Senior Apartments, a new 60-unit affordable senior apartment complex. The project involves the construction of a three-story building on a portion of vacant land on the 33-acre Sisters of Mercy campus located at 535 Sacramento Street (Attachment 1). The Sisters currently own and operate a large conference center, offices, and an assisted living community on the site.

The development will include a number of amenities including: a full-time, live-in property manager; a community garden; a community room; a community kitchen; a library; a computer room; on-site laundry rooms; an exercise/walking path; and a full time resident services coordinator. This coordinator will work to connect seniors to community resources and help build a vibrant and supportive living environment through classes, community programs, and other events.

***Proposed Application***

In response to the interest by Mercy Housing, as well as the release of the 2009 NOFA, Staff is proposing that the City submit a 2009 HOME application for $4,000,000 for the development of the Mercy Auburn Senior Apartments. The resolution authorizing staff to participate in the HOME program and apply for $4 million in HOME funds is provided as Exhibit A.

In addition, the City is requesting that the Redevelopment Agency authorize $300,000 from the Redevelopment Low/Moderate Housing Set Aside fund to also assist with gap financing. Local funds contributed to the program are counted as leverage and increase the competitiveness of the application. Exhibit B is the resolution for this funding commitment.

The HOME funds, as well as the Redevelopment Agency funds, will help assist in financing the construction of the development and ensure the long-term affordability of the units to some of Auburn's lowest income seniors. The project helps the City of Auburn meet its affordable housing obligation with the Regional Housing Needs Allocation numbers from HCD and also contributes to the Redevelopment Agency's housing numbers.

Mercy Auburn Senior Apartments is designed to serve seniors aged 62 years and older at very low and extremely low-incomes. A particular focus will be the senior population that is at-or-below the poverty level. The proposed unit mix and income targeting is as follows:

- 41 one bedroom units @ 25% of Area Median Income
- 18 one bedroom units @ 50% of Area Median Income
- 1 two bedroom manager's unit

According to the 2000 Census, 2,261 seniors lived in Auburn, approximately 18% of Auburn's population. Many seniors in the Auburn area were paying more than 30% of their limited income on housing expenses. Of the 2,261 seniors living in Auburn, 833 were renters. According to the draft 2008 Housing Element for the City of Auburn, 57% of these renters or 475 seniors, pay over 30% of their income for housing expenses. Undoubtedly, this trend is skewed heavily towards lower income seniors.

6.1% or 138 of Auburn's seniors are below the poverty line. There is a larger percentage of the senior population that is extremely and very low income and would qualify for residency at the Mercy Auburn Senior Apartments. According to HUD published income limits for Placer County for 2008, a one-person household earning $24,850 qualifies as someone at 50% of the Area Median Income (AMI) or as a "very low-income person."

The draft Placer County Housing Element (March 2008) states that there are 20,062 seniors (age 65+) in the incorporated and unincorporated areas of Placer County. These seniors represent 13.1% of Placer County's total population. Of these seniors 3,427 or 17% are renters. Approximately 54% of these senior renters are paying more than 30% for housing expenses. Again, this trend is likely worse for very low and extremely low income seniors.

Perhaps the most compelling evidence of real and current demand for affordable independent senior housing is the length of wait on existing waiting lists. A recent phone survey (July 2008) of the following five surrounding (in the expected market area) and similar (low-income senior) properties demonstrates the extensive need for more affordable independent senior housing:

| Property | Location (City / County) | Wait List Time |
|---|---|---|
| Auburn Ravine Terrace | Auburn / Placer | 18 months |
| Brookside Park Senior Apts | Auburn / Placer | 24 months |
| Canyon View Apts | Colfax / Placer | 12 months |
| Diamond Sunrise | Diamond Springs / El Dorado | 24 months |
| Eskaton Lincoln Manor | Placerville / El Dorado | 18-24 months |

Other highly compelling data is available from the Housing Authorities of Placer, Nevada, El Dorado and Sacramento. All waiting lists are currently closed and no longer accepting applications. Those lucky enough to be on the waiting list have up to several years before their number is called and the waiting lists are not anticipated to open any time soon.

Based on the need demonstrated in the information provided above, Staff supports the Mercy Auburn Senior Apartment project and recommends that the City Council and AUDA approve the resolutions presented with Exhibits A & B.

***Alternatives Available to Council; Implications of Alternatives***

A. Approve the Council resolution needed to apply for the HOME program participation and allocation of HCD funds as well as the AUDA resolution to contribute $300,000 from the Auburn Redevelopment Agency. Approval will assist Mercy Housing in obtaining gap financing for the construction of the Mercy Auburn Senior Apartment complex.

B. Deny the resolutions. Denial would eliminate up to $4,300,000 in gap funding for Mercy Housing, significantly affecting their ability to construct the Mercy Auburn Senior Apartment complex.

***Fiscal Impacts***

HOME funds – No impact to general fund. Some administrative costs to manage the HOME program; funding will come from the HOME grant.

AUDA Commitment – $300,000 from the Redevelopment Agency's Low/Moderate Housing Set Aside fund.

***Additional Information***

Find attached the following

Attachments:

1. Site Location Map

Exhibits:

A. City Council Resolution authorizing HOME program participation and requesting for an allocation of $4,000,000 to construct the Mercy Auburn Senior Apartments, a 60-unit affordable senior's apartment project.

B. AUDA Resolution approving a commitment to contribute $300,000 toward the construction of the Mercy Auburn Senior Apartment project.

**EXHIBIT A**

RESOLUTION NO. 10-

RESOLUTION APPROVING A COMMITMENT TO CONTRIBUTE FUNDS TO THE CONSTRUCTION OF THE MERCY AUBURN SENIOR APARTMENT PROJECT AT 585 SACRAMENTO STREET

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THE AUBURN URBAN DEVELOPMENT AUTHORITY DOES HEREBY RESOLVE:

Whereas, the City of Auburn City Council, on August 9, 2010, approved a request by Mercy Housing California to construct the Mercy Auburn Senior Apartments, a 60-unit rental apartment complex affordable to seniors to be located at 585 Sacramento Street; and

Whereas, Mercy Housing California is submitting an application to the State of California Housing and Community Development Department (HCD) requesting an allocation of HOME funds not to exceed four million dollars ($4,000,000) to assist with the construction of the Mercy Auburn Senior Apartments; and

Whereas, Mercy Housing California recently received HUD 202 funding totaling $6,030,000; and

Whereas, the Mercy Auburn Senior Apartment project is designed to serve seniors aged 62 years and older at very low and extremely low-incomes; and

Whereas, the project helps the City of Auburn meet its affordable housing obligation from HCD and also contributes to the Redevelopment Agency's housing numbers.

Now therefore be it resolved that the Auburn Urban Development Authority hereby commits $400,000 from the Low/Mod Set-Aside Fund for the construction of the Mercy Auburn Senior Apartment Project. The commitment

shall lapse if the HCD funding request is denied, if the applicant abandons the project, or necessary governmental entitlements for the project are denied.

DATED: August 9, 2010

_____
Bridget Powers, Chair

ATTEST:

_____
Joseph G. R. Labrie, Secretary

I, Joseph G. R. Labrie, Secretary of the Auburn Urban Development Authority, hereby certify that the foregoing resolution was duly passed at a regular meeting of the Auburn Urban Development Authority held on the 9th day of August 2010 by the following vote on roll call:

Ayes:
Noes:
Absent:

_____
Joseph G. R. Labrie, Secretary

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