



City of Rialto

Legislation Text

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For City Council Meeting [April 9, 2019]

TO: Honorable Chair and Board Members

APPROVAL: Sean Grayson, Interim City Administrator/Executive Director

FROM: Robb Steel, Assistant CA/Development Services Director

Request Rialto Housing Authority Approve the Second Amendment to the Affordable Housing, Financing and Disposition and Development Agreement by and between the Rialto Metrolink South Housing Partners LP and the Rialto Housing Authority to extend the Termination Date to December 31, 2019 for a proposed affordable housing project on the north side of Bonnie View Drive, west of Riverside Avenue.

BACKGROUND:

On December 12, 2017, the City Council/RHA Board approved the First Amendment (**Exhibit A**) to the Affordable Housing, Financing and Disposition and Development Agreement by and between the Rialto Housing Authority (RHA) and the Rialto Metrolink South Housing Partners (the developer is a partnership of National Community Renaissance, Related California, and LaBarge Industries; further known as "RMSHP") on the north side of Bonnie View Drive and just west of Riverside Avenue. The First Amendment reduced the site area from 2.56 acres to 1.59 acres and the project scope from 65 units to 38 units. The City is currently constructing parking for the Metrolink Station on the balance (0.97 acres) of the original site. The site map is attached hereto as **Exhibit B**.

The First Amendment increased the loan amount from the RHA to RMSHP from \$250,000 to \$450,000 to reimburse predevelopment costs. The First Amendment authorized a total loan amount from RHA to the RMSHP of \$5,500,000 (using former Redevelopment Agency housing bonds), consisting of the site purchase (\$950,000 previously expended), the development cost amount (\$4,300,000), and the previous pre-development amount (\$250,000 already expended).

By December 31, 2018, the First Amendment required RMSHP to obtain approval of an amendment to revise the project scope and finances (Project Approval Amendment). The First Amendment expired on December 31, 2018 because RMSHP did not obtain the Project Approval Amendment.

ANALYSIS/DISCUSSION:

On December 4, 2017, RMSHP submitted an entitlement application with the Planning Division to reduce the project size and number of units (Project). On June 20, 2018, the Development Review Committee approved the Precise Plan of Design (PPD 2017-0098) modification.

In April 2018, RMSHP submitted an updated financial pro-forma reflecting the project reduction. Staff and Keyser Marston Associates (RHA's real estate consultant) reviewed the pro-forma and determined inconsistencies with California Law related to the minimum number of very-low income

units required. RMSHP attempted to adjust the pro-forma but could not identify other funds to cover a budget gap. In 2018, the Tax Credit Allocation Committee reduced funding opportunities for smaller projects seeking 9% tax credits (projects of similar size to the Bonnie View project of 38 units).

RMSHP is currently working with staff to modify the project and funding sources and therefore requests additional time. Since the First Amendment expired on December 31, 2018, RMSHP proposes to extend the termination date to December 31, 2019 to obtain the Project Approval Amendment. If additional time is required, then RMSHP will make such request subject to the RHA Board approval.

ENVIRONMENTAL IMPACT:

The City reviewed the proposed Project in accordance with the California Environmental Quality Act (CEQA), which a Mitigated Negative Declaration (Environmental Assessment No. 15-67) has been prepared in accordance with the requirements of the California Environmental Quality Act (CEQA). A noise study was prepared to ensure the quiet enjoyment of each unit adjacent to the railway. The City imposed a Condition of Approval requiring additional windows for light and ventilation for all units with a wall facing the rail in addition to an increased wall height of 8 feet along the rear property line. The City also imposed a Condition of Approval requiring disclosure of the adjacent adult oriented business in the lease agreements to ensure land use compatibility.

A revised project will require a review for compliance with CEQA. The Developer has not submitted revised site plan to the Planning Division.

GENERAL PLAN CONSISTENCY:

The housing project would assist the City of Rialto to meet its obligation to provide affordable housing pursuant to its Regional Housing Needs Allocation (RHNA) and further the Rialto General Plan (General Plan) Housing Element goals for the City, while promoting the production of safe, decent, and affordable housing for all within the community.

Approval of the parking project complies with the City of Rialto General Plan Goal and Policies:

Goal 4-7: Achieve optimum use of regional rail transit.

Policy 4-7.1: Support Metrolink regional rail services, and work with the Southern California Regional Rail Authority to expand services.

Policy 4-7.2: Achieve better integration of all transit and multimodal options at the Rialto Metrolink Station.

Policy 4-7.3: Promote activity centers and transit-oriented development projects around the Rialto Metrolink Station and Downtown.

LEGAL REVIEW:

The City Attorney reviewed and approved the staff report and the Second Amendment.

FINANCIAL IMPACT:

Operating Budget Impact

The project does impact the operating budget.

Capital Improvement Budget Impact

The total RHA obligation to the Project is \$5,500,000 -- the RHA previously expended \$910,000 to acquire the Site and \$250,000 to reimburse the Developer for pre-development costs. The First Amendment increased the Developer's pre-development reimbursement entitlement by \$200,000 for a total obligation of \$450,000. Funds of \$200,000 are available in Account Number 303-500-1793-3001. The available balance for construction (subject to negotiation) is \$4,140,000 as indicated below:

RHA Bond Funds Available for Housing Project

Total RHA Obligation	\$ 5,500,000
Expended - Property Purchase	\$ (910,000)
Expended - First Pre-Development Cost	\$ (250,000)
<u>Proposed - Second Pre-Development Cost</u>	<u>\$ (200,000)</u>
Balance Available	\$ 4,140,000

Business License

The Developer is currently not required to obtain a business license. However, any consultant and contractor retained by the Developer for the project will obtain a business license.

RECOMMENDATION:

Staff recommends the Rialto Housing Authority Board approve the Second Amendment (**Exhibit C**) to the Affordable Housing, Financing and Disposition and Development Agreement by and between the Rialto Metrolink South Housing Partners LP and the Rialto Housing Authority to extend the Termination Date to December 31, 2019.