



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

March 23, 2021

SUBJECT: Staff requests City Council provide direction to staff to coordinate and prepare an agreement with the project proponents for the proposed senior living affordable housing project.

PREPARED BY: Tim Raney, Community Development Director

Recommendation

Staff requests the City Council provide direction to staff to coordinate and prepare an agreement with the project applicant team (AMG Associates, Regional Housing Authority, and Pacific West Communities) for the proposed senior living affordable housing project located southwest of the intersection of First Street and E Street.

Background

At the January 12, 2021 City Council meeting, the project team consisting of AMG Associates, the Regional Housing Authority, and Pacific West Communities introduced themselves and presented two potential affordable housing projects in the City. The first location discussed was the senior living affordable housing project located on a 2.25-acre vacant site at First and E Streets currently zoned R-3 (Multi-Family Zoning District).

The senior affordable project was described as a 32-unit age-restricted project with open space and amenities, including a 2,046-square-foot community center (kitchen, community room, office, meeting space, and fitness center), pergola with bocce ball, garden, and dog park. Conceptual photo simulations have been included as Attachment 3 to this staff report.

It should be noted that the 2.25-acre project site is currently zoned R-3 with a maximum dwelling unit capacity of 30 dwelling units per acre. The proposed 32-unit project on this 2.25-acre site would result in a density of approximately 14 units per acre. Staff has prepared the following table to compare the buildout potential of the site under different scenarios.

Potential Buildout Scenarios for APN 015-350-012-000 (2.25 acres)		
	Proposed Senior Living Project	Current Multi-Family Zoning (R-3)¹
Dwelling Units Per Acre (du/ac)	14	30
Total Units	32	67
Estimated Persons ²	83	174
Notes:		
1. R-3 single-family zoning allows for maximum 30.0 du/ac.		
2. Calculated using a 2.6 persons per household average.		

As seen in the above table, the proposed project is currently proposing to develop the site approximately less than half of the maximum unit buildout potential. In addition, multi-family units tend to have a lower person per household than single-family units, and senior housing typically has a lower person per household than multi-family units.

Discussion

Staff received a letter from the Regional Housing Authority outlining a request for financial assistance from the City of Wheatland regarding the proposed Wheatland Senior Affordable Project (see Attachment 1). In general, the applicant team is seeking the following terms of an agreement:

- A \$650,000 City Development Impact Fee loan from the City (3 percent simple interest, 55-year term, payments based on residual receipts);
- The Wheatland City Council approve a resolution for the City to apply for funding using U.S. Department of Housing and Urban Development’s (HUD) HOME Program when the Notice of Funding Available (NOFA) is released in May 2021; and
- The applicant team would construct a 2,046-square-foot community center that would be open for public use for seniors in the community and service groups like Wheatland’s current Senior Citizens group, Lions, etc. instead of a 1,000-square-foot private community building.

Fiscal Considerations

As noted above, the applicant team has requested a deferral of \$650,000 of the total impact fees due at building permit for the proposed project. In the attached fee table, city staff has identified that the proposed project, including the community center, would generate a total of \$1,153,672.70 in development impact fees (see Attachment 2). City staff has identified specific impact fee categories that would remain fully funded with the payment of the remaining development impact fees required. These funding categories include fire protection, roads, and wastewater collection and treatment. The water distribution would be deferred at 50 percent because the site is currently served with

City water supply. The remaining fees would be subject to the 55-year repayment schedule, including police facilities, storm drainage, general government, public meeting space, and parks. Staff believes that the City currently has adequate facilities to accommodate the proposed project. It should also be noted that the project would provide a new approximately 2,000 square-foot community center which would cost an estimated \$1,000,000 (assuming \$500 per square foot construction cost) if the City of Wheatland were to build this facility.

Summary

If the City Council supports the applicant team's request, the City will apply for project funding per HUD's Home Program to loan to the project team for project construction. In addition, the applicant will receive a \$650,000 deferral in City Development Impact Fees as a loan with a 55-year repayment schedule at a three (3) percent simple interest rate. The project applicant team has provided a loan term sheet with definitions as additional information (see Attachments 4 and 5). The loan would be secured with a Deed of Trust. Staff recommends that if the council supports the development impact fee deferral with a loan, that the loan would be contingent upon the completion of the new community center and availability of the center to Wheatland service groups. If the community center were to not be constructed, all impact fees would be due and payable immediately.

If the City Council supports this proposal, the following direction should be provided in the form of a motion:

1. Direct staff to develop a Home Program application for submittal by the due date to be included in the upcoming Home Program NOFA;
2. Direct the City Manager to work with the City Attorney to execute loan documents for deferral of the \$650,000 specified development impact fees for 55 years, 3 percent interest, payment based on rent residuals, and a requirement that failure to build the senior center would be a default triggering immediate repayment of the deferred impact fees.

Attachments

1. Letter from the Regional Housing Authority
2. Development Impact Fee Table
3. Senior Living Project Photo Simulations
4. Impact Fee Loan Term Sheet
5. Additional Definitions



REGIONAL HOUSING AUTHORITY

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www.RegionalHA.org

March 12, 2021

Mr. Jim Goodwin
City Manager
111 C Street
Wheatland, CA 95692

Re: Request for Financial Assistance (Development Impact Fees Loan – \$650,000)
Wheatland Senior Housing Project
APN 015-350-012

Dear Mr. Goodwin,

The Regional Housing Authority (RHA) and Pacific West Communities, Inc. (PWC) have partnered as developers in the planning of a 32-unit new construction senior housing project in the City of Wheatland (conceptual plans attached). The parties are jointly working to prepare a HOME Investment Partnerships Program (HOME) application to the California Department of Housing & Community Development (HCD). If HOME funding is awarded, the parties will then jointly work on applying for Low-Income Housing Tax Credits and tax-exempt bonds to complete the financing package necessary to construct the project. As you know, all funding applications for affordable housing go through a very competitive process. Statewide application requests always outnumber available financing for affordable housing projects. An additional problem that faces the affordable housing industry, as it relates to financing, is the value of Low-Income Housing Tax Credits. Since the global COVID-19 pandemic started, the capital markets have been very unstable, thus resulting in a significant loss in value for tax-credits. In other words, tax-credits are not worth as much as compared to before the economic crisis started. Additionally, construction costs (both labor and materials) have been increasing year-over-year, making the financial feasibility of these projects even more difficult.

As a benefit to the community, the development will include an enhanced community center with over 2,000 square feet, that will be available to the residents and for certain community uses, such as meetings for service groups (i.e., Rotary, Kiwanis, etc.) and for service agencies that may provide a benefit to the residents and the greater community (i.e., Public Health, CRLA, etc.).

Some features in the community center include a lobby with fully accessible restrooms, a leasing office for property management staff, a warming kitchen, multi-purpose sitting area with TV, an exercise room for residents only, and a business center with a computer station. Outdoor features include a dog park and a community garden for residents only, bike racks, a bocce ball court, and a pergola with a patio and sitting area.

To make the project financially feasible, and be able to construct the enhanced community center, as the typical size is 1,000 square feet, we respectfully make the financial request of the City of Wheatland under the following terms:

- Loan amount: \$650,000
- Simple interest rate not to exceed 3%
- 55-year loan term
- Payments only based on residual receipts
- Loan will be secured by a deed of trust and promissory note

We appreciate your consideration of a deferred soft loan with the above terms. Looking forward to discussing the proposal with you.

Sincerely,



Gustavo Becerra
Executive Director

Encl.: Project entitlements Package dated 3/3/2021
Term Sheet

City of Wheatland Development Impact Fees – Deferred Fees Prepared for First Street Senior Housing on March 9, 2021						
Fee Type	Multi-Family Dwellings			Community Room ¹		
	Current Fee	Estimated Percent Deferred	Estimated Deferral	Current Fee	Estimated Percent Deferred	Estimated Deferral
Law Enforcement Facilities	\$33,728.00	100%	\$33,728.00	\$484.90	100%	\$484.90
Fire Protection Facilities	\$27,274.20	0%	\$0.00	\$2,680.26	0%	\$0.00
Bridges, Signals, Thoroughfares	\$209,696.00	0%	\$0.00	\$13,116.91	0%	\$0.00
Storm Drainage Facilities	\$103,520.00	100%	\$103,520.00	\$6,009.10	100%	\$6,009.10
Water Distribution Facilities	\$104,096.00	50%	\$52,048.00	\$3,637.79	100%	\$3,637.79
Sewer Collection Facilities	\$34,240.00	100%	\$34,240.00	\$1,863.91	0%	\$0.00
Wastewater Treatment Facilities	\$200,320.00	0%	\$0.00	\$10,894.95	0%	\$0.00
General Government Facilities	\$73,760.00	100%	\$73,760.00	\$1,164.17	100%	\$1,164.17
Public Meeting Facilities	\$93,024.00	100%	\$93,024.00	-	-	-
Parkland Facilities Development	\$242,432.00	100%	\$242,432.00	-	-	-
Bear River North Levee Rehab. Project	\$20,160.00	0%	\$0.00	\$881.83	0%	\$0.00
Total Fees (before Admin Fee)	\$1,142,250.20	-	-	\$40,733.81	-	-
Admin Fee 1%	\$11,422.50	-	-	\$407.34	-	-
TOTAL ESTIMATED IMPACT FEES	\$1,153,672.70	-	-	\$41,141.15	-	-
Total (before Admin Fee)			\$632,752.00			\$11,295.97
Admin Fee 1%			\$6,327.52			-
TOTAL ESTIMATED DEFERRAL			\$639,079.52			\$11,295.97
			TOTAL ESTIMATED DEFERRAL AMOUNT		\$650,375.48	

Notes:

1. Fees based on an Employment land use type.

A5.1

WHEATLAND SENIORS PHASE I & II

PROJECT
WHEATLAND ROAD & STREET
WHEATLAND, CA

SCHEMATIC SET / NOT FOR CONSTRUCTION

ALASKA ARIZONA CALIFORNIA COLORADO HAWAII IDAHO
LOUISIANA MONTANA NEVADA NEW MEXICO NORTH DAKOTA OREGON
SOUTH DAKOTA UTAH WASHINGTON WYOMING



ARCHITECT
DATE
SCALE

REVISIONS



PHASE I

PERSPECTIVE RENDER
DRIVEWAY ENTRANCE FROM WHEATLAND ROAD NEAR DOG PARK

A5.2

WHEATLAND SENIORS PHASE I & II

PROJECT

Pacific West Architecture

430 E STATE STREET, SUITE 100
EAGLE, IDAHO 83616

(208) 461-0022
fax (208) 461-3267

ALASKA ARIZONA CALIFORNIA COLORADO HAWAII IDAHO
ILLINOIS IOWA KANSAS KENTUCKY MISSOURI MONTANA
NEBRASKA NEVADA NEW HAMPSHIRE NEW JERSEY
NEW MEXICO NORTH CAROLINA NORTH DAKOTA OREGON
PENNSYLVANIA SOUTH CAROLINA SOUTH DAKOTA TEXAS
UTAH VERMONT VIRGINIA WASHINGTON WISCONSIN
WYOMING



ARCHITECTURE

DATE: AUG 31, 2014

PROJECT: WHEATLAND SENIORS
PHASE I & II

REVISIONS



PERSPECTIVE RENDER
DRIVEWAY ENTRANCE AT E STREET

PHASE I

WHEATLAND SENIORS
PHASE I & II

Pacific West Architecture
490 E. STATE STREET, SUITE 100
EAGLE, IDAHO 83616
(208) 461-0022
Fax (208) 461-3267

WHEATLAND, CA
ALASKA ARIZONA CALIFORNIA COLORADO HAWAII IOWA
LOUISIANA MONTANA NEW MEXICO NEVADA NORTH DAKOTA OREGON
SOUTH DAKOTA U.S. VI. VIRGINIA WASHINGTON WYOMING



DATE PLOTTED	08/03/21
SCALE	N/A
PROJECT	NRC
DATE	AUG 21 104

REVISIONS



PHASE I

PERSPECTIVE RENDER
COMMUNITY AREA NEAR BOCCIE BALL COURT AND PERGOLA

WHEATLAND SENIORS
PHASE I & II

PROJECT

WHEATLAND ROAD & STREET

WHEATLAND, CA

Pacific West Architecture

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ALASKA ARIZONA CALIFORNIA COLORADO HAWAII ILLINOIS
INDIANA IOWA KANSAS KENTUCKY MARYLAND MASSACHUSETTS
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PENNSYLVANIA RHODE ISLAND SOUTH CAROLINA TEXAS UTAH
VERMONT VIRGINIA WASHINGTON WISCONSIN WYOMING



DATE: AUG 21-04
BY: RJC
CHECKED BY: RJC
PROJECT NO: 0503021

REVISIONS



PHASE I

AERIAL SITE RENDER
COMMUNITY RAISED GARDENS NEAR DOG PARK

WHEATLAND SENIORS
PHASE I & II

PROJECT
WHEATLAND ROAD & STREET
WHEATLAND, CA
430 E. STATE STREET, SUITE 100
EAGLE IDAHO 83616
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K209 451-0022
Pacific West Architecture

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SOUTH CAROLINA UTAH WASHINGTON WISCONSIN



03/03/21
NHC
AMG 21104

REVISIONS



PHASE II

AERIAL SITE RENDER
FUTURE BUILDING FOOTPRINT ON PARCEL B

PROPOSED LOAN TERMS
March 11, 2021
AFFORDABLE SENIOR RENTAL HOUSING – FIRST STREET SENIOR
APARTMENTS
CITY OF WHEATLAND

1. **BORROWER:** The Borrower will be Wheatland Senior Associates, LP. The Loan may be assigned only to meet Project financing requirements and/or the Borrower's limited partnership agreement.
2. **PROPERTY; PROJECT:** The Loan shall be made in connection with the development of the First Street Senior Apartments to be constructed on property located at 1st Street and E Street ("Property").

The proposed project will consist of 31 affordable senior housing rental units targeting extremely low, very low and low income seniors ("Project").

3. **LOAN AMOUNT:** The City of Wheatland ("Lender") will provide a loan to Borrower in the amount of \$650,000, which is the total _____ ("Fee Deferral Loan").
4. **INTEREST RATE:** The outstanding principal balance of the Fee Deferral Loan shall bear no interest (0%) from disbursement through and including the construction loan closing until the earlier of (i) the permanent loan conversion or (ii) the third (3rd) anniversary of the Project's construction loan closing; thereafter, the outstanding principal balance of the Loan shall bear interest at a simple rate not to exceed three percent (3%) per year, with the Executive Director of the Lender authorized to set the rate, prior to the construction loan closing, from 0% to 3%, as reasonably necessary to make the Project financially feasible.
5. **MATURITY DATE:** The Fee Deferral Loan shall mature fifty-five (55) years from the date the Certificate of Occupancy or its equivalent is issued by the City of Wheatland.
6. **USES OF LOAN PROCEEDS:** The Loan proceeds will used to finance a portion of the predevelopment, development, and construction costs of the Project. Construction costs will include the cost of all fees necessary for the issuance of building permits, notwithstanding the fact that the Loan proceeds shall be disbursed so that the building permits can be issued prior to the Project's construction loan closing.
7. **REPAYMENT LIMITED TO RESIDUAL RECEIPTS:** Annual installments to repay the Fee Deferral Loan are limited to 20% of Residual Receipts generated by the Project. Lenders' Share of the Residual Receipts will be used to repay the Fee Deferral Loan on a prorata basis based on the respective loan amount.

The definition of Residual Receipts is still subject to negotiation and will need to be narrowly defined to ensure that there will be cash flow to repay the Loan. This should be substantially similar to what the affordable housing industry uses, which has been pretty well standardized.

8. SECURITY: The Fee Deferral Loan will be secured by a Deed of Trust naming the Lender as the beneficiary. In the event any Loan proceeds are disbursed prior to the recording of the Deed of Trust, the Loan shall be secured by an Assignment of Agreements, Plans and Specifications.
9. NONRECOURSE: Repayment of principal and interest will be nonrecourse to the Borrower and its partners; recourse shall be limited to the property and any other security (such as the plans, specifications and other Project-related documents) given by Borrower. The loan documents will include the standard nonrecourse provision.
10. SUBORDINATION: Lender will agree to subordinate Deed of Trust and Regulatory Agreement shall be subordinate to all construction lender and Tax Credit lender permanent deeds of trust and senior loan regulatory agreements. The Lender will agree to enter into an inter-creditor agreement with any other subordinate lenders to ensure parity of distribution of Residual Receipts.

ATTACHMENT 5

"Residual Receipts" in a particular calendar year shall mean the amount by which Gross Revenue (as defined below) exceeds Annual Operating Expenses (as defined below).

"Annual Operating Expenses" with respect to a particular calendar year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments imposed on the Project; debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans associated with development of the Project; property management fees and reimbursements, not to exceed fees and reimbursements which are standard in the industry; premiums for property damage and liability insurance; utility services not paid for directly by tenants, including water, sewer, and trash collection; maintenance and repair of the Project; any annual license or certificate of occupancy fees required for operation of the Project; security services; advertising and marketing; cash deposited into reserves for capital replacements of the Project in an amount not to exceed the amount required by any financing and/or tax credit syndication for the Project; cash deposited into an operating reserve in an amount not to exceed the amount required by any financing and/or tax credit syndication for the Project; extraordinary operating costs; an asset management fee and/or partnership management fee; annual payments toward Deferred Developer Fees and condemnation awards for a taking of part or all of the Development for a temporary period; payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, capital improvements reasonably necessary to carry on business and meet the needs of residents of the development and other ordinary and reasonable operating expenses and not listed above. Annual Operating Expenses shall not include the following: depreciation, amortization, depletion or other non-cash expenses or any amount expended from a reserve account.

"Gross Revenue," with respect to a particular calendar year, shall mean all revenue, income, receipts, and other consideration actually received from operation and leasing of the Project. "Gross Revenue" shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project (or applied toward the cost of recovering such proceeds). "Gross Revenue" shall also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Development. "Gross Revenue" shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances