



CITY OF MARTINEZ

CITY COUNCIL AGENDA

January 11, 2012

TO: Mayor and City Council
FROM: Phil Vince, City Manager
PREPARED BY: Corey Simon, Senior Planner
SUBJECT: Update on pending HUD financing for the construction of a 49 Multiple Dwelling Unit Project for Seniors (55 years of age or older), with Rents Restricted to Affordable Levels, 310 Berrellesa Street (RCD, “Berrellesa Palms”), as approved by the City Council, September 2009
DATE: January 5, 2012

DISCUSSION:

On December 20, 2011, RCD, the developer of the yet unbuilt “Berrellesa Palms” senior housing development, invited City staff, Mayor Schroder and Council member Menesini to a meeting at its office to discuss a potential HUD funding source for the project, and the restrictions/requirements on project tenancy that could thus be imposed by HUD. Since the type of HUD finance now being proposed would place different restrictions/requirements on tenancy than those discussed when the City Council approved the project in September 2009, staff wishes to apprise the Council of the potential change at its earliest opportunity.

1. PROJECT AS APPROVED BY COUNCIL

As background, the City Council approved the Use Permit, State Mandated Density Bonus, Concessions and Waiver of Development Standards and Design Review for construction of the 49 Multiple Dwelling Unit Project for Seniors (55 years of age or older) in 2009, on a appeal filed against the Planning Commission’s earlier approval. Findings of approval were made, documenting the project’s consistency with the General Plan and Downtown Specific Plan.

As proposed by the applicant, the project was limited to Seniors with incomes ranging from 20 % to 50% of area median income (only 31% of the units were to be restricted to those with incomes of less than 40% - making the remaining 69% available to those with a more moderate income.). No other restrictions/limitations as to occupancy were discussed. The envisioned senior population was thus presented as being largely independent and ambulatory, having some disposable income. It was this ability for these intended residents to interact and energize with the downtown environment that lead the City Council to make the following two findings (out of several more) that were required for the project to be approved. (key elements are **highlighted**).

- **Housing Element, Goal #1, Adequate Supply of Housing: Achieve an adequate supply of safe, decent housing for all economic segments of the community. Promote throughout the City a mix of housing types responsive to household size, income, age and accessibility needs (this site has been identified as an opportunity site for affordable housing in the City's current Housing Element).**

COUNCIL'S FINDING: The development will serve a range of very low *to moderate* income senior citizens, a population that the Housing Element has identified as having inadequate affordable housing opportunities.

The City's 2006 Downtown Specific Plan contains the following applicable policy:

- **Policy LU-1-5: Encourage the establishment of a vibrant mix of uses that will serve the needs of both residents and visitors and will help create a vibrant daytime, nighttime and weekend environment.**

COUNCIL'S FINDING: The subject project will introduce new residents to a currently unpopulated industrial site. *The new senior citizens residents*, and the anticipated visits from family members, *will add to the potential for economic activity* beyond the mid-day, workday hours.

Subsequent to receiving its approval in September 2009, RCD's approval was challenged in Court. The challenge was unsuccessful, and after the case was resolved, RCD began work on the site with a demolition permit and removing those trees approved for removal. The entitlements remain active, and RCD has been actively pursuing funding sources throughout 2010 and 2011 so that construction could begin. Late last year, staff was informed by RCD that one of its HUD applications for the tenant population envisioned in 2009 was unsuccessful - but at that time, no alternatives to the original project were discussed.

2. POTENTIAL CHANGES FROM HUD FINANCING AS NOW PROPOSED BY RCD

It is staff's understanding that RCD has made an application to HUD for a different type of financing, for which HUD would make as a requirement, additional restrictions on who tenants could be. Generally, tenancy would be restricted to only those Seniors who:

- a) qualify for convalescent care, but do not wish to be placed in a convalescent or nursing homes; and
- b) have very limited incomes - e.g. those with incomes over 40% of the area medium income would no longer be eligible to become residents

While RCD stated it would construct the project as 49 independent living units as approved, it acknowledged the intended population to be served will require a greater level of assistance than that originally envisioned. Should the project proceed as per the currently proposed funding requirement/restrictions, the project's on-site parking would need to be reevaluated, as the number on-site staff would need to be increased above what was originally envisioned.

3. RELATIONSHIP BETWEEN PROJECT'S FINDINGS AND HUD RESTRICTIONS

Staff's key question is how the project as now being envisioned by RCD relates to the two "Findings of Approval" outlined above. While the City Council would not normally be involved in the decision making process of a project's consistency with its land use entitlement, the Council's involvement in the appeal and project's past controversy warrant its input at the earliest possible stage. It should be noted one of the project's conditions of approvals states:

Prior to issuance of a building permit, the developer shall enter into an affordable housing agreement setting forth the affordable housing requirements Pursuant to State Density Bonus Law, of the project, and rental restrictions in a form acceptable to the City Manager and City Attorney.

Were RCD to proceed with its current funding proposal without City input, the change in tenant restrictions would ultimately need to be addressed prior to the time construction commences. Staff believes it will be beneficial for both the City and RCD to more proactively discuss what might be viewed as a significant change between the approved project and what is now being proposed.