



City Council Staff Report

Subject: Affordable Housing Agreement for The Steven

Date: May 12, 2026

Submitted By: Elizabeth Sorg, Assistant to the City Manager
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Department: City Manager's Office

Recommendation:

Adopt a Resolution of the City Council of the City of Rocklin Approving an Affordable Housing Agreement by and between the City and Rocklin Sierra 703 L.P. Making a Loan in the Amount of \$2,230,000 for The Steven Senior Affordable Housing Development and Authorize the City Manager to Execute the Necessary Documents.

Background:

The City's Affordable Housing Incentive Program includes three mechanisms to encourage the construction of affordable units in the City:

- Fee Reductions: Affordable developments proposing units at 60% or less AMI can receive a 40% reduction in certain development impact fees (Park Improvement, Trail, Community and Recreation Facility, and Public Facility).
- Fee Deferrals: The payment of certain fees as defined by Government Code section 66007 are deferred until the issuance of a certificate of occupancy.
- Low- and Moderate-Income Housing Asset Fund (LMIHAF) Loan: If funds are available, the City may contribute up to \$40,000 toward the construction of each extremely low or very low income unit in the form of a City loan, memorialized in an affordable housing agreement. The loan would be a residual receipts loan with an interest rate of 3% per year.

The Sierra College Senior Apartments project, The Steven, is a 180-unit affordable senior multifamily development off of Rocklin Road between El Don and Sierra College Boulevard. The site is on a 7.3-acre portion of a larger 13.4-acre parcel. The project will consist of 178 one and two bedroom units ranging in affordability from 30% to 70% AMI (about \$650-\$1,850 per month). Units will be rented to seniors 55+. The project also consists of two manager's units. The design review for the project was approved by City Council on December 6, 2022.

In July of 2023, USA Properties submitted a \$2.23 million loan request to the City's Affordable Housing Incentive Program to help the project close its funding gap. The City engaged Keyser Marston Associates (KMA) a finance consultant for public agencies, to analyze USA's request.

Based on the Pro-Forma provided and the parameters of the City's Affordable Housing Incentive Program guidelines, KMA verified the project requires financial assistance and recommended the City consider a loan of \$2.23 million.

In this project, 56 of the 178 affordable units will be available to those at very low- or extremely low-income levels. The request for \$2.23 million in loan funding is consistent with the City's LMIHAF loan program.

On March 12, 2024, the City Council approved a Preliminary Commitment letter (Attachment 3) that outlined the terms of the loan and the provisions that would need to be secured through an Affordable Housing Agreement. Since then, USA Properties has been working to secure their financing for the project. In December of 2025, USA Properties was successful in securing a reservation of 4% tax credits and bond financing. USA Properties formed Rocklin Sierra 703, L.P., a California limited liability partnership, for the purposes of developing, owning, and operating The Steven.

Affordable Housing Agreement

The proposed Affordable Housing Agreement (Attachment 2) outlines the provisions of the City's \$2.23 million loan and secures the affordability levels for the project. The major elements of the Agreement are included below:

- The City will provide a \$2.23 million loan bearing a 3% interest rate and to be repaid from the project's residual receipts. Residual receipts are revenues remaining from gross project revenues (rents paid by tenants) after accounting for payments of any senior loans and operating expenses. The City loan will be subordinate to other loans like the construction loan and permanent loan, but the City's regulatory agreement secures the affordability of the units and will be senior to all loans.
- The City will pay 25% of the loan upon closing; 25% on or after the nine-month anniversary of the closing date; 25% on or after the 18-month anniversary of the closing date; and the remaining 25% upon completion of construction as evidenced by issuance of the final certificate of occupancy.
- The City's loan is secured with a promissory note and deed of trust that outline the conditions of repayment for the loan.
- The Regulatory Agreement will be recorded on the title of the parcel and secures the number of affordable units and their affordability levels. The affordability covenants are secured for a term of 57 years commencing with the recording of the Regulatory Agreement.

Elements of the Affordable Housing Agreement cannot be completed until the project finalizes funding and locks in the interest rates for the loans. This is typical for affordable developments and happens late in the closing process. As a result, there are placeholders in the AHA to be completed prior to executing and recording documents. The AHA also references 2026 California Tax Credit Allocation Committee annual low-income housing limits which have not yet been published for 2026. Due to agenda posting lead times, these items have remained incomplete in the attached AHA. These elements do not have material impact on of the AHA and will not impact to the City's loan amount, loan provision, or required affordability levels of the development. The Resolution (Attachment 1) approves the Regulatory Agreement, which authorizes the loan, in substantially the form of Exhibit A of the Resolution and grants the City Manager authority to complete changes needed, execute and record the agreement, provided that the terms of the City's loan and the specifics of the development will not change.

Fiscal Impact:

The approval of the Affordable Housing Agreement has no direct impact to the City's General Fund. Funding for the City Loan comes from the City's Low and Moderate Income Housing Asset Fund and has been budgeted in the Fiscal Year 2025/26 Operating Budget.

ATTACHMENTS:

1. [Resolution](#)
2. [Exhibit A to Resolution - Affordable Housing Agreement](#)
3. [Preliminary Commitment Letter](#)