



City Council Special Staff Report

Subject: Affordable Housing Agreements with Community HousingWorks for the Development of an Affordable Housing Project at Oak, Pine and Pacific Streets

Date: November 18, 2025

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Department: City Manager's Office

Recommendation:

Conduct a Public Hearing and Consider the Following Actions:

- A. Adopt a Resolution of the City Council of the City of Rocklin Approving an Amended and Restated Affordable Housing Agreement By and Between the City and Pacific Street Housing Associates Four, L.P., a California Limited Partnership.
- B. Adopt a Resolution of the City Council of the City of Rocklin Approving an Affordable Housing Agreement By and Between the City and Pacific Street Housing Associates Nine, L.P., a California Limited Partnership.

Background:

Project Background Information - Original Site and Original Affordable Housing Agreement

The City of Rocklin owns multiple properties bounded by Railroad Avenue on the west, Pine Street on the north, Pacific Street on the east and Oak Street on the south. A site map is included for reference as Attachment 8. The approximately 2.8-acre site is comprised of Assessor's Parcel Numbers 010-121-001, -002, -004, -005, -006, and 010-040-039. These parcels are referred to in this staff report as the Original Site. The Original Site has previously been designated as surplus to be disposed in accordance with the requirements of the Surplus Land Act (Sections 54220-54234 of the California Government Code; herein, together with the implementing Guidelines as referenced below, the Surplus Land Act). The intention of the City has been to use the Original Site, by means of a sale or ground lease, for the development of affordable rental housing.

The City completed the Surplus Land Act process to solicit proposal from firms interested in constructing affordable housing on the Original Site. Several proposals were received. As a result of that process, Community HousingWorks (CHW) was selected to develop the subject property.

At the September 27, 2022 City Council meeting, the City Council authorized and approved issuance of a Preliminary Commitment Letter with CHW with respect to the development of the Original Site for affordable rental housing. The Preliminary Commitment Letter committed Two Million Six Hundred Thousand Dollars (\$2,600,000) of Low- and Moderate-Income Housing Asset Funds maintained by the City, subject to the parties entering into a binding agreement containing conditions to disbursement customary in affordable housing agreements. The Preliminary Commitment Letter indicated that the City intended to further negotiate a comprehensive transactional agreement with CHW under which the disposition of a leasehold interest for development of affordable rental housing (the Affordable Housing Agreement, as described below) would be carried out.

At the November 8, 2022 City Council meeting, the City Council approved an Affordable Housing Agreement (the Original AHA) between the City and CHW for the development of 109 units of affordable rental housing, plus one manager's unit, on the Original Site. The Original AHA contemplated that the City would ground lease the Original Site to CHW or a subsidiary(s) formed by CHW to implement parts of the development of the Original Site.

Project Review and Approvals

In November 2023, CHW submitted its first design set to the City for review. On March 7, 2024 the project was considered by the Architectural Review Committee (ARC). Prior to the meeting, a sign was posted on the site to notify the public of the meeting. The ARC recommended the project architecture for approval, subject to feedback provided by the ARC. Following the recommendation, CHW worked with staff to finalize the design. After several rounds of comments and changes, the Design Review was approved by the Community Development Director on May 8, 2025.

The site is located in the Business Attraction, Retention, and Revitalization Overlay (BARRO) Zone. The intent of the BARRO Zone is to provide a process for revitalization of older commercial areas enabling flexible development standards, streamlined approval processes, and reduced application fees. Section 17.59.050 of the Rocklin Municipal Code (RMC) authorizes the Community Development Director to approve applications for entitlements within the BARRO Zone, including Design Reviews and Conditional Use Permits (CUP). While Design Reviews are completely ministerial, pursuant to State Law and the RMC, consideration of a CUP requires a noticed public hearing. For this project, a CUP was necessary to address several conditions, including resident parking on public streets and lots and the inclusion of a previously non-City-owned parcel in the project.

Consistent with the BARRO Zone requirements, staff held a publicly noticed hearing for the CUP on February 4, 2025. Prior to the CUP hearing, notice of the proposed development and the CUP hearing was mailed to the 111 individual addresses within a 600-foot radius of the property. A sign noticing the CUP hearing was also placed on the site in excess of the 10 days prior to the hearing required on site notice.

On November 18, 2025 at 10:00 a.m., staff from CHW and the City will be holding a community workshop discuss the project. Notice of this meeting was provided in the City newsletter and direct mailers were sent to adjacent property owners.

Current Project

Since the approval of the Original AHA in November, 2022, there have been changes to the project that require an updated AHA. These include:

- The purchase and subsequent conveyance of a small parcel (which, when combined with the Original Site, is referred to herein as the "Site"); and
- The splitting of the project into two distinct legal entities for financing purposes, with each portion of the Site to be separately developed and financed. The separation of the Original Site into more than one piece was contemplated under the Original AHA.

Combined Site

On February 21, 2023 CHW purchased a parcel that was adjacent to the Original Site. This parcel, APN 010-121-006-000, was the only non-City-owned parcel that now comprises the Project Site. By purchasing the parcel, CHW was able to expand the proposed development to the entire Site, "squaring off" the Site. On September 19, 2025, CHW conveyed the parcel to the City at no cost with the intent that it be included in the overall site plan. On February 25, 2025, the City Council adopted Resolution No. 2025-038, which granted the City Manager the authority to adjust the lot lines to incorporate the new parcel into the City's existing parcels as part of what comprises the Project Site. At the same meeting, the City Council also abandoned an alleyway which had bisected the Site and made it infeasible to construct the project. At the October 28, 2025 City Council meeting, the City Council approved the declaration of the parcel at APN 010-121-006 as exempt surplus so it could be incorporated into the project Site. Subsequent to this declaration, the lot lines were adjusted to include the newly acquired parcel, resulting in two parcels (which together comprise the Project Site) that correspond to each of the two developments.

Formation of Single-Asset Entities

The formation of single-asset entities to develop affordable rental projects is common and customary. Consistent with this approach, CHW has created and will be general partner of two entities. Each entity will develop one of the two parcels, with the primary differences being (1) the financing used on the project (4% vs. 9% tax credits) and (2) the required affordability levels as a result of that financing with higher value tax credits requiring greater levels of affordability. CHW applied to the California Tax Credit Allocation Committee for tax credits for each portion of the Site and was awarded both 4% and 9% tax credits. That portion of the Project Site that will be financed in part with 4% tax credits will be developed by Pacific Street Housing Four, LLP (Housing Four). Subject to the satisfaction of conditions precedent showing readiness to proceed, the City will lease a portion of the Project Site to Housing Four. That portion of the Site that will be financed in part with 9% tax credits will be developed by Pacific Street Housing Nine, LLP (Housing Nine). Subject to the satisfaction of conditions precedent showing readiness to proceed, the City will lease a portion of the Site to Housing Nine. Each separate LLP will be responsible for the financing, development, and operation of rental housing on its respective project independent of the other LLP. The City's original \$2,600,000 loan commitment is carried forward to the Housing Four tax credit project; there is no City loan on the other project.

Separate Affordable Housing Agreements

As a result of the single-asset entity structure, a separate agreement is presented for each proposed development: an Amended and Restated Affordable Housing Agreement with respect to Pacific Street Housing Four, LLP 4% tax credit project, and a (new) Affordable Housing Agreement with respect to the Pacific Street Housing Nine, LLP 9% tax credit project. The two agreements, as proposed, do not change in the aggregate the unit count, the amount

of City funds invested (as a loan), or the unit income and affordability levels. The result of the two agreements, if both are implemented, will be the development and operation of two projects which as combined will provide 109 units of affordable housing at the following Area Median Income (AMI) levels:

Unit Type	Number of Units	Size of Unit (Square Feet)	Affordability Level
1 Bedroom	12	636	30% AMI
1 Bedroom	20	636	50% AMI
1 Bedroom	18	636	60% AMI
2 Bedroom	4	858	30% AMI
2 Bedroom	9	858	50% AMI
2 Bedroom	22	858	60% AMI
3 Bedroom	12	1,075	30% AMI
3 Bedroom	2	1,075	50% AMI
3 Bedroom	10	1,075	60% AMI

For reference, the 2025 AMI in Placer County for a family of 4 is \$120,000. Units in this development will be available to housings at the following income levels:

% of Area Median Income	Annual Household Income
30%	\$36,240
50%	\$60,400
60%	\$72,480

The project is fully financed and it is anticipated that construction will begin in early 2026. Staff recommends the City Council approve the two Affordable Housing Agreements.

Fiscal Impact:

There is no direct fiscal impact to the staff recommendation. The \$2.6 million loan from the Low- and Moderate-Income Housing Asset Fund (Fund 270) has been appropriated in the Fiscal Years 2025-2027 Operating Budget.

ATTACHMENTS:

1. Resolution A - 4% Project
2. Amended and Restated Affordable Housing Agreement (4% Project)
3. Ground Lease for 4% Project
4. Resolution B - 9% Project
5. Affordable Housing Agreement (9% Project)
6. Ground Lease for 9% Project
7. California Health and Safety Code 33433 Report
8. Site Plan