

## **TOWN OF WINDSOR AGENDA REPORT**

**Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date:** August 20, 2025

**To:** Mayor and Town Council  
**From:** Kim Voge, Planner III  
**Subject:** Redwood Glen Development Impact Fee Deferral Loan Agreement

### **Recommendation to Council:**

Adopt a resolution authorizing the Town Manager to negotiate and execute a 20-Year Fee Deferral Loan Agreement for the Redwood Glen Apartments project located at 8550-8560 Old Redwood Highway.

### **Strategic Plan Element:**

The recommended action supports the goals of Fiscal Health, Infrastructure and Livability. Goal Statement: Ensure the economic health and long-term financial viability of the Town. Goal Statement: Through a lens of sustainability and innovation, invest in the Town's infrastructure and public facilities to meet the needs of future generations. Goal Statement: Preserve community character by maximizing the use of existing amenities and creating future opportunities that enhance quality of life for all.

### **Background:**

On April 26, 2022, the Planning Commission approved Site Plan and Design Review and Affordable Housing Development Incentives for the Redwood Glen Apartments pursuant to Resolution No. 708-22 (Attachment 2). The project includes 43 affordable apartments on a 1.53-acre site that is comprised of two parcels located at 8550 and 8560 Old Redwood Highway (APNs 164-080-038 and 164-080-002). Affordable Housing Development Incentives and Waivers were approved pursuant to State Density Bonus Law, including waiving the requirement for commercial space in a mixed-use zoning district; increasing the maximum allowable front setback by approximately 10 feet; reducing the required on-site parking from 64 to 58 spaces; and increasing the percentage of compact parking stalls from 30% to 50%. The approved project description and project plans are provided in Attachments 7 and 8.

On October 19, 2022, the Town Council approved Resolution No. 3795-22 (Attachment 3) supporting applications for 2022-2023 Community Development Block Grant funding and/or HOME Investment Partnerships in amounts up to \$2,000,000 for the Redwood Glen Apartment project.

On August 16, 2023, the Town Council approved Resolution No. 3878-23 (Attachment 4) authorizing the Town Manager to execute a funding agreement for the use of up to \$500,000 in inclusionary housing funds for construction of the Redwood Glen Apartment project.

On May 28, 2024, the Planning Commission approved a one-year Extension of Time pursuant to Resolution No. 757-24 (Attachment 5).

The applicant applied for a second one-year Extension of Time, which is currently in process. The Zoning Code allows up to two years of administrative approvals for extensions of time. A Notice of Pending Action was mailed to surrounding property owners and tenants on July 21, 2025. If no request

for a public hearing is requested within 10 days, a second one-year Extension of Time will be approved by the Community Development Director. If approved, the new expiration date would be April 26, 2026. The applicant hopes to submit a building permit application in November 2025 and begin construction mid-2026.

The Heritage Park Apartments project is similar to the Redwood Glen Apartments project in that they are both 100% affordable to low- and very low-income households; both projects were authorized for the use of inclusionary housing funds from the Town; they are similar in scale, with 33 units for Heritage Park and 43 units for Redwood Glen, and they are located within a block of each other, on opposite sides of Old Redwood Highway. In 2022, the Town Council authorized a 5-year fee deferral loan agreement for the Heritage Park project. The applicant initially requested a 15-year term, but there were concerns among staff and the Town Council regarding the potential impacts to services and infrastructure of a long-term deferral. Therefore, the applicant provided financial information to further consider the alternatives for a 5-, 10-, and 15-year loan. The Town's housing consultant, Bay Area Economics (BAE), prepared a technical analysis that modeled the financing options. Based on BAE's analysis and the continued concerns about long-term deferral, all parties agreed to a 5-year loan term.

In March and April 2025, the Town Council considered a request from the Heritage Park developer to reconsider authorizing a longer loan term stating that the 5-year loan term was rejected by both the permanent lender and tax credit investor, because it did not align with the longer 20-year term of the permanent loan and the tax credit compliance period. The applicant anticipated paying off the loan with 10 years, while still requesting a 20-year loan term to align with other financing requirements. The Council did not request further details or analysis. The Town Council authorized the 20-year fee deferral loan agreement for Heritage Park in continued support of the project, in recognition that the project would provide both housing and services for low-income and special needs populations, and in anticipation that this assistance would get the project to the construction phase.

#### **Discussion:**

The applicant requests a 20-year fee deferral loan for the Redwood Glen Apartment project, similar to the loan for the Heritage Park project. A letter from the applicant in support of this request is provided in Attachment 6. No revisions to the project description or the project design are requested. The proposed fee deferral loan agreement would support the development of low-income apartments in an infill location with access to transit and services. Like other development projects in the pipeline, the Redwood Glen Apartments project has been impacted by significant increases in construction costs over the past few years. The developer has assembled multiple sources of funding, but a \$3-\$6M funding gap remains. This gap must be closed before the project can move forward with construction.

In addition to the Town's authorization of \$500,000 in inclusionary housing funds, the applicant has acquired multiple other sources of funding, including awards from the Sonoma County for Community Development Block Grant (CDBG) and Permanent Local Housing Allocation Program (PLHA) funds, California Energy Commission BUILD program, and permanent supportive housing vouchers. The Developer is seeking additional assistance through a long-term fee deferral loan for the four development impact fees that are eligible for deferral (drainage; parks and recreation; police facilities; and traffic). These fees typically represent approximately 50% of the total development impact fees for a project.

The applicant is preparing to submit a new application for Low Income Housing Tax Credits (LIHTC) in early September 2025. Staff provided a detailed Local Resource Assessment in support of this LIHTC application. The applicant hopes to have a Town Council resolution authorizing a fee deferral loan in time to include it with the LIHTC application. If the Council is favorably inclined toward the

applicant's request, staff recommends one of the following options:

1. Continue the item until the applicant can provide financial information regarding repayment and until an analysis can be provided from a qualified consultant before making a final decision.
2. Direct staff to complete a technical analysis regarding repayment and bring a fee deferral loan agreement back to the Town Council for approval on a future consent calendar if no changes are recommended.
3. Adopt a resolution authorizing the Town Manager to execute a 20-year development impact fee deferral loan agreement (Attachment 1).

**Fiscal Impact:**

Staff has previously identified concerns with long-term impact fee deferrals. There would be short-term and long-term gaps in funding for the infrastructure that will be needed to keep up with development impacts. These gaps would need to be filled by the General Fund or other sources; otherwise, the Town's level of services may start to decline and/or certain facilities may be degraded. There also would be administrative costs to managing a long-term loan. Based on the current master fee schedule (FY2025-2026), the deferred impact fees are estimated at approximately \$933,891, allocated as follows:

- Parks & Recreation: \$493,210
- Police Facilities: 4,300
- Drainage: \$101,298
- Traffic: \$335,083

**Environmental Review:**

The Planning Commission found the Project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332: In-Fill Development. This exemption applies to projects that are categorized as infill development in urbanized areas when they are: 1) consistent with the General Plan and Zoning; 2) on a site no larger than five acres; 3) on a site with no habitat value for endangered, rare or threatened species; 4) determined not to result in any significant effects related to traffic, noise, air quality or water quality; and 5) adequately served by all required utilities and public services. The proposed fee deferral loan agreement would not change the Project or the Project's circumstances, nor would it constitute substantial new information, such that a new or substantially more severe significant impact than previously disclosed would result. Therefore, no further environmental review is required, pursuant to CEQA Guidelines Section 15162.

**Attachment(s):**

1. Resolution
2. PC Resolution 708-22 Approving Design Review
3. TC Resolution 3795-22 Supporting NOFA Applications
4. TC Resolution 3878-23 Authorizing Inclusionary Housing Funds
5. PC Resolution 757-24 Approving 1-Year Extension of Time
6. Applicant Letter 2025-08-01
7. Redwood Glen - Approved Project Description
8. Redwood Glen - Approved Plan Set
- 13.1 Redwood Glen PowerPoint (Distributed 2025-08-18)
- 13.1 Resolution Revised with Track Changes (Distributed 2025-08-20)

**Prepared by:**

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**Reviewed by:**

Patrick Streeter  
Community Development Director

**Approved by:**  
Jon Davis  
Town Manager