

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: February 21, 2024

To: Mayor and Town Council
From: Kim Voge, Planner III
Subject: Revised Housing Regulatory Agreement and Inclusionary Housing Funding Agreement for the Heritage Park Affordable Housing Project

Recommendation to Council:

Adopt a resolution authorizing the Town Manager to revise the terms of the affordable housing regulatory agreements and the loan agreement for the use of Inclusionary Housing Funds for the Heritage Park Apartments, a 33-unit affordable housing project located at 8685 Old Redwood Highway.

Strategic Plan Element:

The recommended action supports the goal of Livability. 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 August 16, 2017, the Town Council authorized the Interim Town Manager to, among other things, execute a funding agreement awarding up to \$565,000 in Inclusionary Housing Funds to MW Development and Integrity Housing to construct a 31-unit rental apartment project affordable to households earning between 50 and 60 percent of area median income on property located at 8685 Old Redwood Highway (the “Heritage Park Apartment Project”). See Attachment 6: Resolution No. 3396-17.

On July 28, 2020, the Planning Commission approved Site Plan and Design Review and Affordable Housing Development Incentives for the Heritage Park Apartment Project. The applicant for the project is MW Development and Integrity Housing (the second agreement noted above). The approved project includes 33 apartments on a 1.66-acre site. The project is intended to be affordable for very low- and low-income households. See Attachment 7: Planning Commission Resolution No. 683-20.

On October 21, 2020, the Town Council authorized revisions to the Town’s funding agreement to update the affordability terms to be consistent with the current State of California affordable housing definitions and to open several funding sources. See Attachment 8: Resolution No. 3628-20.

On August 16, 2023, the Town Council authorized the use of an additional \$1,200,000 in Inclusionary Housing Funds to support the development of the Heritage Park project. See Attachment 9: Resolution No. 3877-23. However, the resolution did not reflect the updated affordability terms that were previously approved in Resolution No. 3628-20.

The applicant has requested a revised regulatory agreement and a revised loan agreement to update the affordability terms as previously documented and to incorporate the second inclusionary housing award.

Discussion:

The State of California Department of Housing and Community Development (HCD) defines low-income households as households that earn no more than 80% of Area Median Income (AMI). Projects in Windsor are based on the Sonoma County AMI. The Town's funding agreement for the use of inclusionary housing funds must reflect HCD's 80% household income cap for low-income affordable units so that the Heritage Park project will be eligible for affordable housing funding sources available through HCD.

Under the 2018 U.S. Consolidated Appropriations Act, low-income housing tax credits are available for projects that meet the following criteria:

1. At least 40 percent of the units must be both rent-restricted and occupied by individuals whose incomes do not exceed the imputed income limit.
2. The average of the imputed income limitations cannot exceed 60 percent AMI.
3. The designated imputed income limitations must be in 10 percent increments.

Under these provisions, "low-income" projects are defined with a maximum household income of 80% of AMI and an average household income at or below 60% of AMI.

In addition to Federal low-income tax credits, the California Housing Finance Agency (CalHFA) has a new Mixed Income Program that could provide additional funding for this project (see Attachment 4). This program requires that a minimum of 10 percent of the units be rent restricted and occupied by households in the 70 percent of AMI category.

The Heritage Park Apartment project remains a project that is 100% affordable to households that are very low- and low-income, with the units distributed as shown in Table 1, below.

Table 1- Proposed Affordability Unit Mix

Unit Type	50% AMI	60% AMI	70% AMI	Manager's Unit	Total
1 Bedroom	4	0	0		4
2 Bedroom	3	11	1	1	16
3 Bedroom	1	9	3		13
TOTAL:	8	20	4	1	33

A draft resolution has been prepared to update the affordable housing regulatory agreement and the loan agreement for the Heritage Park project to reflect the updated affordability terms. Based upon the second award of inclusionary housing funds, the loan agreement allows \$525,000 of the loan proceeds to be used for payment or reimbursement of predevelopment and development costs, with the balance to be used for construction costs. The draft resolution includes four attachments, including (1) revised regulatory agreement; (2) revised loan agreement; (3) deed of trust (no change); and (4) promissory note (no change).

Fiscal Impact:

There is no fiscal impact associated with this proposed action.

Environmental Review:

By Resolution 682-20, the Planning Commission adopted a Mitigated Negative Declaration for the

Heritage Park Apartments project. The requested revisions would not result in a physical impact on the environment, and therefore no further environmental review is required.

Attachment(s):

1. Resolution
2. Revised Regulatory Agreement
3. Revised Loan Agreement
4. Deed of Trust (No Change)
5. Promissory Note (No Change)
6. TC Resolution 3396-17
7. PC Resolution 683-20
8. TC Resolution 3628-20
9. TC Resolution 3877-23

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Reviewed by:

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Recommended by:

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