



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

THE CITY OF SIGNAL HILL
WELCOMES YOU TO A SPECIAL
HOUSING AUTHORITY MEETING
July 23, 2024

The City of Signal Hill appreciates your attendance. Citizen interest provides the Authority with valuable information regarding issues of the community. Meetings are held annually on the 2nd Tuesday of January.

Meetings begin at 6:00 pm with the conduct of any business permitted to be conducted in closed session by the Brown Act (Government Code Section 54950, et seq.), if any, and with the public portion of the meeting beginning at 7:00 pm. There is a period for public comment on closed session matters at 6:00 pm prior to the closed session. In the event there is no business to be conducted in closed session, the regular meeting shall begin at 7:00 pm. There is a public comment period at the beginning of the regular meeting. Any person wishing to comment shall be allotted three minutes per distinct item. Any meeting may be adjourned to a time and place stated in the order of adjournment.

The agenda is posted 72 hours prior to each meeting on the City's website and outside of City Hall. The agenda and related reports are also available for review online at www.cityofsignalhill.org.

To participate:

- In-person Participation: Council Chamber of City Hall, 2175 Cherry Avenue, Signal Hill, California.
- To make a general public comment or comment on a specific agenda item, you may also submit your comment, limited to 250 words or less, to the City Clerk at cityclerk@cityofsignalhill.org not later than 5:00 p.m. on Tuesday, July 23, 2024. Written comments will be provided electronically to the Authority and attached to the meeting minutes. Written comments will not be read into the record.

Housing Authority Members receive no compensation.

(1) CALL TO ORDER – 7:00 P.M.

(2) ROLL CALL

CHAIR WOODS
VICE CHAIR WILSON
MEMBER COPELAND
MEMBER HANSEN
MEMBER JONES

(3) EXECUTIVE DIRECTOR REPORT

UPDATE FROM NATIONAL COMMUNITY RENAISSANCE REGARDING THE WALNUT AND ORANGE BLUFF HOUSING DEVELOPMENTS

Summary:

Earlier this year, the City Council authorized the City Manager to negotiate and enter into an Exclusive Negotiation Agreement (ENA) with the City's selected development partner, National Community Renaissance (National CORE). National CORE is actively working on the development of the two proposed workforce housing sites, known as Walnut Bluff and Orange Bluff. National CORE has made substantial progress in its due diligence of the Walnut Bluff site and in its negotiations with the property owner for site control. National CORE also confirmed that the Walnut Bluff site is financially feasible as an affordable housing project and structured its proposed capital stack to confirm to available funding sources, despite changes to the State budget. The Orange Bluff property, given substantially more complex and cost intensive site remediation issues, will require additional time for due diligence and for National CORE to determine its financial feasibility. National CORE will present its findings as part of this interim status update to the City Council.

Staff recommends the City Council and Housing Authority Board direct staff to renegotiate the Exclusive Negotiation Agreement to establish separate performance schedules for the Walnut Bluff and Orange Bluff properties. Staff also recommends the City Council and Housing Authority Board also authorize staff to negotiate an Affordable Housing Agreement for the development of the Walnut Bluff property.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 3 Economic Development: Improve the local economy, support local businesses, and create a vibrant downtown core.

Goal No. 4 Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces.

Recommendations:

1. Receive a presentation from the City's affordable housing development partner, National Community Renaissance, regarding its progress on the Walnut Bluff and Orange Bluff workforce housing sites.
2. Direct staff to renegotiate the terms of the City's Exclusive Negotiation Agreement with National Community Renaissance to allow additional time beyond the initial negotiation period to complete due diligence of the Orange Bluff property.
3. Direct staff to negotiate an Affordable Housing Agreement with National Community Renaissance for the development of the Walnut Bluff property.

(4) ADJOURNMENT

The next regular meeting of the Signal Hill Housing Authority will be held on Tuesday, January 14, 2025, at 7:00 p.m., in the Council Chamber of City Hall, 2175 Cherry Avenue, Signal Hill, CA 90755. Special meetings will be held as needed to conduct Authority business.

SPECIAL NOTE

If you need special assistance beyond what is normally provided to participate in City meetings, the City will attempt to accommodate you in every reasonable manner. Please call the City Clerk's office at (562) 989-7305 at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.



STAFF REPORT

7/23/2024

AGENDA ITEM

**TO: HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

**HONORABLE CHAIR
AND MEMBERS OF THE HOUSING AUTHORITY**

**FROM: CARLO TOMAINO
CITY MANAGER**

**SUBJECT: UPDATE FROM NATIONAL COMMUNITY RENAISSANCE REGARDING THE
WALNUT AND ORANGE BLUFF HOUSING DEVELOPMENTS**

Summary:

Earlier this year, the City Council authorized the City Manager to negotiate and enter into an Exclusive Negotiation Agreement (ENA) with the City's selected development partner, National Community Renaissance (National CORE). National CORE is actively working on the development of the two proposed workforce housing sites, known as Walnut Bluff and Orange Bluff. National CORE has made substantial progress in its due diligence of the Walnut Bluff site and in its negotiations with the property owner for site control. National CORE also confirmed that the Walnut Bluff site is financially feasible as an affordable housing project and structured its proposed capital stack to confirm to available funding sources, despite changes to the State budget. The Orange Bluff property, given substantially more complex and cost intensive site remediation issues, will require additional time for due diligence and for National CORE to determine its financial feasibility. National CORE will present its findings as part of this interim status update to the City Council.

Staff recommends the City Council and Housing Authority Board direct staff to renegotiate the Exclusive Negotiation Agreement to establish separate performance schedules for the Walnut Bluff and Orange Bluff properties. Staff also recommends the City Council and Housing Authority Board also authorize staff to negotiate an Affordable Housing Agreement for the development of the Walnut Bluff property.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

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Recommendations:

1. Receive a presentation from the City's affordable housing development partner, National Community Renaissance, regarding its progress on the Walnut Bluff and Orange Bluff workforce housing sites.
2. Direct staff to renegotiate the terms of the City's Exclusive Negotiation Agreement with National Community Renaissance to allow additional time beyond the initial negotiation period to complete due diligence of the Orange Bluff property.
3. Direct staff to negotiate an Affordable Housing Agreement with National Community Renaissance for the development of the Walnut Bluff property.

Fiscal Impact:

The fiscal impact associated with the recommended action includes staff and City Attorney time to negotiate the Exclusive Negotiation Agreement. The City and the Housing Authority have access to multiple sources of funding restricted to the development of affordable housing. As of July 1, 2024, the Housing Authority has a fund balance of \$6.4 million. In addition, the Housing Authority Fund is estimated to receive \$2.8 million from a Successor Agency loan expected to be fully repaid by 2028. The City also has approximately \$750,000 in affordable housing in-lieu fees from a prior Development Agreement. Lastly, the City has access to Permanent Local Housing Allocation (PLHA) funding to offset the cost of site remediation; the City is in the process of securing additional funding through this program.

Background:

Workforce Housing Sites

The City's Certified Housing Element identifies two sites owned by Signal Hill Petroleum for the future development of workforce housing. As part of the Housing Element update process, the City Council entitled both sites to collectively accommodate up to 380 units. These sites, along with two additional market-rate sites, achieve the City's goals of meeting its Regional Housing Needs Assessment allocation. Once constructed, the two properties would fulfill the City's broader housing goals by increasing the available inventory of housing for low- and moderate-income residents.

Similar to properties found throughout Signal Hill, the workforce housing sites have active and abandoned oil well sites and significant topography issues that need to be addressed as part of the site preparation process. The NOFA issued by staff included substantial discussion regarding the associated challenges so that prospective developers could account for these factors as part of their financial assessment of the sites. As the owner and development partner, Signal Hill Petroleum would provide its technical expertise throughout the process.

For the City Council's reference, the section below provides a description and conceptual site plan for both sites. The first site is known as "Orange Bluff" and comprises approximately 8.6 acres of property located on the south side of East 28th Street between Orange Avenue and Gundry Avenue. The City entitled the site to accommodate up to 290 workforce units in a village cluster setting of six 3- to 5-story structures around a common open space with internal private drives for circulation. The property has two access points onto public streets, at East 28th Street and at Gundry Avenue. The second site is known as "Walnut Bluff" and is a 2-acre property located at the northwest corner of East Willow Street and Walnut Avenue. The site is entitled to accommodate up to 90 workforce units in three 3- to 4-story structures clustered around an internal parking area and open space.

Orange Bluff Conceptual Site Plan



Walnut Bluff Conceptual Site Plan



Funding Sources and Restrictions:

As noted, the City and the Housing Authority collectively have access to multiple potential sources of funding (totaling approximately \$10 million) that can only be utilized for the development of affordable housing. The Housing Authority has a fund balance of \$6.4 million which is held in the Affordable Housing Trust Fund. Additionally, there is a projected \$2.8 million balance due to the Housing Authority from a Successor Agency loan that is expected to be fully repaid in 2028. The City also has \$750,000 related to affordable housing in-lieu fees from a prior Development Agreement. Lastly, the City has access to PLHA funding that could be used to offset the cost of site remediation; the City is in the process of securing additional funding through this program. The City's financial contribution will require the units to remain income-restricted pursuant to affordability covenants as required by State law for a minimum of 55 years.

Analysis:

After a competitive process to select a qualified developer, the City Council selected National CORE as its development partner. Earlier this year, the City Council confirmed the selection of National CORE and directed staff to negotiate an Exclusive Negotiation Agreement (ENA) for the development of the Orange Bluff and Walnut Bluff workforce housing sites. The purpose of the ENA is to set aside

the City and Housing Authority's available funding for the selection developer and establish performance milestones consistent with the City's desired development timeframe. Since the execution of the ENA, National CORE has continued to actively work on the development of two proposed workforce housing sites.

National CORE has made substantial progress in its due diligence related to the Walnut Bluff site and in its negotiations with the property owner for site control. Given substantial changes to the State budget to address its multibillion-dollar operating deficit, the State Legislature and the Governor have temporarily suspended funding for programs such the Infill Infrastructure Grant and other affordable housing programs. Nonetheless, National CORE developed economically feasible capital stack to advance the Walnut Bluff development. Given the substantial progress on the Walnut Bluff site, staff recommends the City Council continue advancing these efforts.

The Orange Bluff property has substantially more complex and cost intensive site remediation issues that will require additional time for National CORE to complete its due diligence and determine the financial feasibility of this site. Depending on the outcome of additional environmental studies and financial analysis, the Orange Bluff property may require the City to modify its overall approach to the development of this site. Staff and National CORE will provide a future update once the due diligence process is complete.

At this time, National CORE will present its findings as part of this interim status update to the City Council and Housing Authority Board. Staff recommends the City Council and Housing Authority Board authorize the City Manager to renegotiate the Exclusive Negotiation Agreement to provide time beyond the initial negotiation period to complete additional due diligence related to the Orange Bluff property. Staff is also requesting authorization to negotiate an Affordable Housing Agreement with National CORE for the development of the Walnut Bluff site. Subject to direction by the City Council and Housing Authority Board, staff would return at a later date with the Affordable Housing Agreement for final approval.

Reviewed for Fiscal Impact:

Sharon del Rosario

Attachment(s):

None.