



Memorandum

TO: HONORABLE MAYOR, CITY
COUNCIL AND REDEVELOPMENT
AGENCY BOARD

FROM: Debra Figone
Harry S. Mavrogenes

SUBJECT: SEE BELOW

DATE: November 1, 2010

SUBJECT: INCLUSIONARY HOUSING REQUIREMENTS FOR NEW RENTAL HOUSING DEVELOPMENTS MEETING CERTAIN DEVELOPMENT TIMELINES – SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL REPORT

As noted in the Background section below, continued public outreach to housing developers has led staff to the conclusion that the proposed amendment to the joint City/Agency Inclusionary Housing Policy allowing for the execution and recordation of Satisfaction Agreements should be modified to provide greater flexibility, including allowing the Executive Director and Director of Housing the authority to extend the dates for commencement and completion of construction up to thirty (30) days.

RECOMMENDATION

It is recommended that the City Council and Redevelopment Agency Board adopt resolutions:

1. Approving an amendment to the joint City/Agency Inclusionary Housing Policy, including the revision as recommended below, applicable in Redevelopment Project Areas, that allows for the execution and recordation of a Satisfaction Agreement evidencing satisfaction of the inclusionary housing requirements for rental housing projects, including multi-phase projects, during the suspension of such requirements under the Policy, provided that the specific project meets specified criteria contained in the amendment to the Policy, including accelerated development timelines.
2. Authorizing the Director of Housing and the Executive Director of the Redevelopment Agency to negotiate and enter into Satisfaction Agreements with eligible developers that detail the terms of the exemption and timelines for compliance.

BACKGROUND

On November 2, 2010, the Redevelopment Agency Board and the City Council will consider an amendment to the joint City/Agency Inclusionary Housing Policy, applicable in Redevelopment Project Areas, which allows for the execution and recordation of a Satisfaction Agreement evidencing satisfaction of the inclusionary housing requirements for rental housing projects.

In further discussions with various developers, the developers were concerned that there was no flexibility with the dates contained in the Amendment. In order to address those concerns, staff recommends that an additional provision be added to the Inclusionary Policy, which will allow the Executive Director and Director of Housing the authority to extend the dates for commencement and completion of construction up to thirty (30) days.

ANALYSIS

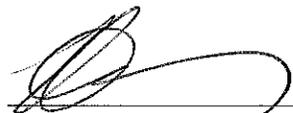
To provide for the flexibility that rental housing developers are seeking, staff recommends that the following provisions also be added to the Amendment to the Inclusionary Policy:

Notwithstanding the specific dates for the commencement and completion of construction required hereunder and for any particular Phase of a Project as set forth in a Satisfaction Agreement, if a Developer has entered into a Satisfaction Agreement and the Developer has evidenced that it has used good faith efforts to commence or completion construction of a particular Phase within the time period set forth in the Satisfaction Agreement, at the Developer's request, the Executive Director and the Director of Housing, acting jointly, may extend any of the deadlines set forth in the Satisfaction Agreement for a reasonable period not to exceed thirty (30) days ("Extension Period"); provided that the Executive Director and the Director of Housing reasonably believe that the Developer, acting diligently, can commence or complete construction of the applicable Phase within the Extension Period.

There are no other changes to the staff report dated October 12, 2010.



DEBRA FIGONE
City Manager



HARRY S. MAVROGENES
Executive Director

For questions, please contact LESLYE CORSIGLIA, Director of Housing at 408-535-3851