

CALL TO ORDER/ROLL CALL:

Committee member Darren Suen called the meeting to order at 3:08 pm with the following in attendance:

Present: Darren Suen, Pat Hume

City staff: Sarah Bontrager, Inez Scott, Darren Wilson, Chelsea Mejia

Other attendees: Proposal Representatives and Public

APPROVAL OF AGENDA:

Motion: M/S Hume/Suen to approve the agenda as presented. ***The motion passed by the following vote: Ayes: 2; Noes: 0.***

PUBLIC COMMENT:

Lynn Wheat commented on inclusionary housing and some other options for our young people to be able to afford home ownership. She would like the AHC to look into options.

REGULAR ITEMS:

Agenda Item 4A: Review loan applications for the proposed affordable multifamily development projects known as Cornerstone Village and The Lyla

Ms. Bontrager presented summary information on the two proposals that were selected to submit loan applications for review and consideration. Ms. Bontrager shared that following submittal of loan applications on July 28, the Council adopted a Municipal Code amendment that will require the collection of park fees by the Cosumnes Community Services District (CCSD) on non-mapped, multifamily developments. Both projects would be subject to the park fee, which neither developer anticipated paying the fee in their original proposals. As a result, the City provided each developer with the opportunity to revise their pro forma and financial expectations to accurately reflect current impact and building fees. As of the writing of this report, Pacific West Communities (PWC) had provided this information for The Lyla project while John Stewart Company/Bethesda (JSCo) was still awaiting updated information from CCSD and non-City agencies. However, JSCo did provide an updated pro forma using more accurate fee estimates.

Both developers revised their City loan requests:

- PWC requested \$6,000,000 for The Lyla, an increase of \$2,000,000. The overall project cost increased by \$2.3 million, of which \$2 million is related to the new park fee and \$300,000 is an increase in the developer fee.
- JSCo requested \$3,436,000 for Cornerstone Village, an increase of \$500,000. The overall project cost increased by about \$4.1 million, \$3.5 million of which is increased impact fees from the City, parks, and other agencies, and \$390K of which is an increase to the developer fee. All of the increase in the developer fee will be contributed back to the project as equity.

Due to the intricacies of calculating the park fee, which includes as variables the appraised fair market value of

land and credit for on-site amenities, the park fees could ultimately be lower or higher than estimated.

Ms. Bontrager went over the strengths and weaknesses of both proposals and loan applications. She then went over what developer fees are meant for and how they can be used. Ms. Bontrager then explained the Committee's role for the meeting was to provide direction to staff to enter into loan negotiations:

- With both developers;
- With one developer; or
- With neither developer.

The Committee members asked questions about the developer fee and how staff arrived at the 10% calculation. Ms. Bontrager explained historically projects have been under 10%, but smaller projects can have a higher developer fee. Both applicants spoke about their projects and the need for City funding especially due to the added park fee. There was public comment and support for the Cornerstone Village project that would help people with disabilities and that this would be a groundbreaking project for the City of Elk Grove. Other public comment emphasized the need for innovative projects that would set the City apart and that are elected officials are expecting higher standards of architecture on these projects.

Committee members stated that they would like to fund the Cornerstone project request and wanted to fund the Lyla request but for staff to go back and do some more negotiating. The committee members were in favor of allocating future funds to these projects, so both projects request can be fully funded.

Deliberation:

Motion: *M/S Suen/Hume* John Stewart Co/Bethesda and Pacific Companies projects to move forward and negotiate loan terms. **The motion passed by the following vote: Ayes: 2; Noes: 0.**

ADJOURNMENT:

The meeting was adjourned at 4:53pm.

**Prepared by Inez Scott,
Administrative Assistant**