

Meeting Date: 12/1/2015

Report Type: Consent

Report ID: 2015-01055

Title: Allocation of Sewer Credits to Northwest Land Park, LLC for The Mill at Broadway Project

Location: District 4

Recommendation: Pass a Resolution allocating 150.750 Economic Development Treatment Capacity Bank Credits to Northwest Land Park, LLC for The Mill at Broadway Project located at 2640 5th Street.

Contact: Sabrina Tefft, Project Manager, (916) 808-3789, Economic Development Department

Presenter: None

Department: Economic Development Dept

Division: Citywide Development

Dept ID:

Attachments:

1-Description/Analysis

2-Resolution

3-Background

City Attorney Review

Approved as to Form

Joseph Cerullo

11/24/2015 11:05:40 AM

Approvals/Acknowledgements

Department Director or Designee: Larry Burkhardt - 11/13/2015 7:47:42 AM

Description/Analysis

Issue Detail: The Economic Development Department recommends approval of the attached resolution allocating 150.75 Economic Development Treatment Capacity Bank Credits (“Credits”) to Northwest Land Park, LLC for the project known as “The Mill at Broadway Project” (formerly Northwest Land Park), located at 2870 3rd Street and 2640 5th Street in Sacramento (APNs 009-0030-008, 009-0030-019, 009-0286-013, and 009-0286-014).

On December 16, 2014, the City Council allocated 150.75 sewer credits to Northwest Land Park, LLC for The Mill at Broadway Project (formerly Northwest Land Park) (Resolution No. 2014-0406). That allocation expires on December 16, 2015, because Northwest Land Park, LLC did not pay the sewer-impact fee to SRCSD within one year after the date of allocation, as required by the guidelines for the Economic Development Treatment Capacity Bank Sewer Credit Program. Northwest Land Park, LLC is ready to proceed with this project and is reapplying for the 150.75 sewer credits. Since the City Council had previously allocated the requested 150.75 Credits, reallocating these Credits will not reduce the current 2,367.581 Credits remaining.

Policy Considerations: Encouraging projects that promote urban infill development is an important cornerstone of the City’s economic-development goals. The City also supports such projects to make Sacramento the most Livable City in America. Approval of the attached resolution will promote housing that furthers the City’s affordable-housing and infill-development goals.

Economic Impacts: The Mill at Broadway project is estimated to have an economic impact of approximately \$103 million and will create approximately 741 jobs.

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The Mill at Broadway Project was subject to environmental review (an Environmental Impact Report) as part of its development-application approval.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Sacramento Regional County Sanitation District (“SRCSD”) established an Economic Development Treatment Capacity Bank (the “Bank”) in June 2000. Creation of the Bank was made possible by SRCSD’s purchase of unused sewer capacity from industrial users (e.g., closed canneries). The Bank allocated the Credits to SRCSD’s member agencies, which in turn allocate the Credits to new development projects in accordance with SRCSD’s guidelines and their own guidelines.

Since 2001, the City has participated in the Bank under a series of agreements, the first of which was City Agreement No. 2001-054, a memorandum of understanding with SRCSD. As required by these agreements, the City Council has approved guidelines for allocating Credits, most recently by the adoption of Resolution No. 2006-457 in 2006. This application for 150.75 Credits meets the Council-approved guidelines for allocating Credits, because The Mill at Broadway Project is a development project that qualifies as urban, infill, and residential under the City's General Plan. The project will facilitate construction of 201 infill-development homes in the Central City Community Plan Area, creating a sustainable and livable community.

Financial Considerations: The Bank was made possible by SRCSD's purchase of unused sewer capacity from industrial users. SRCSD's member agencies were allocated the Credits to use in accordance with SRCSD's guidelines and their own guidelines. There is no impact or cost to the General Fund in granting these credits.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO.

Adopted by the Sacramento City Council

ALLOCATING 150.75 ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS TO NORTHWEST LAND PARK, LLC FOR THE MILL AT BROADWAY PROJECT, LOCATED AT 2570 3RD STREET AND 2640 5TH STREET (DISTRICT 4)

BACKGROUND

- A. On March 20, 2001, the City Council approved City Agreement No. 2001-054, thereby initiating the City's participation in the Economic Development Treatment Capacity Bank (the "**Bank**") established by the Sacramento Regional County Sanitation District ("**SRCS**D"). The City Council subsequently approved amendments to City Agreement No. 2001-054 on June 20, 2006, and October 8, 2013.
- B. Under City Agreement No. 2001-054 as amended, SRCS D transferred Economic Development Treatment Capacity Bank Credits ("**Credits**") to the Bank and then allocated the Credits to the jurisdictions that were participating in the Bank, including the City.
- C. Resolution No. 2006-457 approved guidelines for the City Council's allocating of Credits for commercial development, Downtown, low-income, and infill / transit-oriented development projects, as well as a contingency usage.
- D. The Bank has allocated to the City a total of 8,993.1 Credits. As of November 1, 2014, the City had allocated 6,625.519 Credits to eligible projects.
- E. Northwest Land Park, LLC (the "**Recipient**") is the developer for The Mill at Broadway Project at 2570 3rd Street and 2640 5th Street in Sacramento (APNs 009-0030-08, 009-0030-019, 009-0286-013, and 009-0286-014) (the "**Project**"), which will include 201 multi-family dwelling units. The Project falls within the guidelines for allocating Credits because it is a development that qualifies as "urban," "infill," and "residential" under the City's General Plan.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds that the Project meets the approved guidelines for allocating Credits. Accordingly, the City Council hereby allocates a maximum of 150.75 Credits to the Recipient for use on the Project.
- Section 2. Credits allocated under this resolution will expire automatically and without notice if either of the following occurs:

- (a) the Recipient has not paid its requisite sewer-impact fee to SRCSD within one year after the date of this resolution; or
- (b) the Recipient has not been issued a building permit for the Project within one year after the date of this resolution.

BACKGROUND:

On December 16, 2014, the City Council allocated 150.75 sewer credits to Northwest Land Park, LLC for the Northwest Land Park project (Resolution No. 2014-0406). That allocation expires on December 16, 2015, because Northwest Land Park, LLC did not pay the sewer-impact fee to SRCSD within one year after the date of allocation, as required by the guidelines for the Economic Development Treatment Capacity Bank Sewer Credit Program. Northwest Land Park, LLC is ready to proceed with this project, now renamed The Mill at Broadway, and is reapplying for the 150.75 sewer credits.