



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: Sunset Heights Affordable Housing and Sustainable Communities Grant Application

DEPARTMENT: Development Services

PREPARED BY: Alexandra Gonzalez, Assistant Planner

PRESENTED FOR: Action Information only Discussion

RECOMMENDATION

Adopt a resolution authorizing submittal of an application for Affordable Housing and Sustainable Communities Program funding.

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

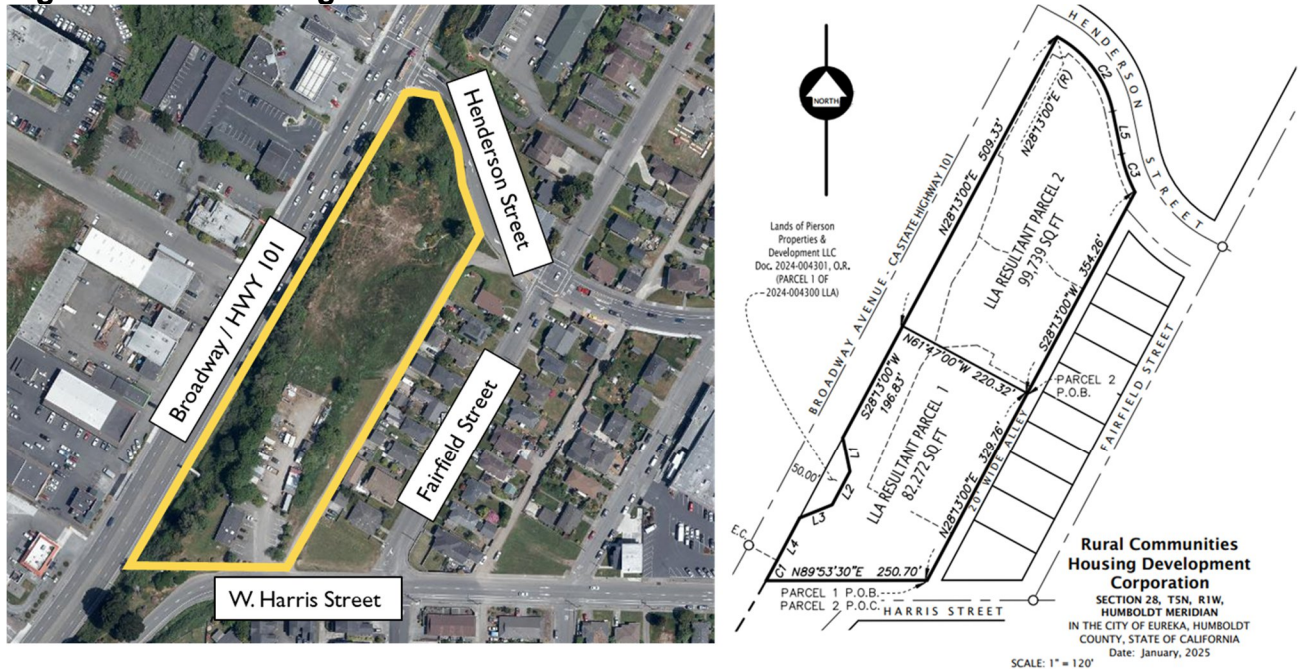
COUNCIL GOALS/STRATEGIC VISION

- 2023-24 Strategic Vision Big Unifying Goal: Eureka: a historic city embracing the future while honoring its natural and ancestral heritage, where safety, inclusivity, sustainability, and innovation converge to create a vibrant and thriving community for all.
- 2040 General Plan's 2019-2027 Housing Element's IMP H-34: Affordable Housing on Publicly-owned Properties.

Discussion

The City is partnering with Rural Communities Housing Development Corporation (RCHDC) to seek funding from the State of California's Affordable Housing and Sustainable Communities (AHSC) Program to support the proposed Sunset Heights affordable housing development and related infrastructure improvements in Eureka. If awarded, AHSC funds would support the construction of 44 deed-restricted affordable housing units on Parcel 1 (the parcel closest to Harris Street), along with a range of public transportation, accessibility, and safety improvements within City right-of-way. Separate funding sources are being pursued for Parcel 2, located closest to Henderson Street (see Figure 1).

Figure 1: Sunset Heights Parcels 1 and 2



The AHSC Program provides grants and loans to reduce greenhouse gas emissions by funding compact, affordable, infill housing, in conjunction with sustainable transportation improvements to reduce vehicle miles traveled. It is administered by the California Strategic Growth Council in partnership with the State Department of Housing and Community Development (HCD), and funded from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds.

City staff is working with RCHDC and Humboldt Transit Authority to identify public transportation, accessibility, and safety improvements to include in the funding application with the goals of maximizing public benefits and the project's competitiveness (the AHSC Program is highly competitive with a complicated scoring rubric). To inform this work, a variety of public engagement activities were conducted to better understand community needs and desires, including:

- An in-person Community Input Session at Alice Birney Elementary on February 24, 2025
- A virtual Community Meeting on February 26, 2025
- A Community Walk Audit on March 10, 2025
- An Interactive Map on the City's Talk Eureka website, launched on March 27, 2025, and open through April 15, 2025

The full list of public improvements to be included in the funding application is still being worked out, but the following are likely to be included:

- a new pedestrian hybrid beacon across Harris Street on the corners of Fairfield and Glen Streets;
- shortened crosswalks with traffic calming measures on Harris and Henderson Streets;

- an ADA-compliant sidewalk along Harris;
- a bus bulb-out on Henderson;
- an extension of the Harris Street buffered bike boulevard; and
- new pedestrian-scale lighting and bus stop shelters within 1-mile of the future affordable housing.

The AHSC application is due May 28, 2025. If awarded, the project will bring not only affordable housing to Eureka, but also public transportation, infrastructure and public safety improvements.

Staff recommends Council adopt a resolution (Attachment 1) authorizing the City to apply with RCHDC as co-applicants for the AHSC 2025 Notice of Funding Availability (Round 9) in an amount not to exceed \$35,000,000 for affordable housing development and housing-related infrastructure, and \$15,000,000 for Sustainable Transportation Infrastructure and Community Program activities.

BACKGROUND

In 2019, City Council adopted the 2019–2027 Housing Element, a state-mandated component of the City’s General Plan that identifies housing needs and outlines strategies to accommodate housing at all income levels. The Housing Element was certified by HCD in March of 2020. In an effort to address the housing crisis, the Housing Element includes Implementation Program IMP H-34: Affordable Housing on Publicly-Owned Properties, which identifies City-owned parcels to be sold or leased to affordable housing developers for the construction of affordable housing.

The Sunset Heights property was added to IMP H-34 in 2022, after Pierson Properties & Development, LLC came forward with a proposal to swap three City-owned Downtown parking lots for Sunset Heights, and the City gained ownership of Sunset Heights. On September 5, 2023, City Council approved a Memorandum of Understanding with RCHDC for the development of Sunset Heights consistent with the requirement of the Housing Element with a minimum of 80 affordable dwelling units.

On December 11, 2024, RCHDC received Design Review for the project. Under the approved design, each of the two resultant parcels will include two buildings containing 44 dwelling units (total of 88 units), an indoor community center, office, and laundry facilities, as well as a central plaza between the two buildings. The dwelling units will be a mix of studios and one-, two-, and three-bedroom apartments, and each parcel will include an on-site manager’s unit. With all necessary planning approvals in place, the project is ready to move forward once funding is secured.

REVIEWED AND APPROVED BY:

- City Attorney
- City Clerk/Information Technology
- Community Services
- Development Services
- Finance
- Fire

- Human Resources
- Police
- Public Works

ATTACHEMENTS:

Attachment 1: Resolution