



City Council and Housing Authority Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR, CITY COUNCIL AND HOUSING AUTHORITY BOARD **DATE: DECEMBER 15, 2020**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 2**

SUBJECT: MEASURE Z - NOTICED HEARING - DISPOSITION AND DEVELOPMENT AGREEMENT WITH PATH OF LIFE MINISTRIES, INC. FOR THE SALE OF HOUSING AUTHORITY PROPERTY LOCATED AT 2550 FOURTEENTH STREET FOR \$1 TO DEVELOP A SINGLE-FAMILY HOUSE AND ACCESSORY DWELLING UNIT AND AN AGREEMENT FOR THE PAYMENT OF DEVELOPMENT AND REGIONAL IMPACT FEES FOR THE CONSTRUCTION OF PERMANENT SUPPORTIVE HOUSING TO PROVIDE \$60,000 OF MEASURE Z FUNDS TO COVER IMPACT FEES

ISSUES:

Approve a Disposition and Development Agreement with Path of Life Ministries, Inc. for the sale of Housing Authority property located at 2550 Fourteenth Street for \$1 to develop a single-family house and an accessory dwelling unit and an Agreement for the Payment of Development and Regional Impact Fees for the Construction of Permanent Supportive Housing to provide \$60,000 of Measure Z funds to cover impact fees.

RECOMMENDATION:

That the Housing Authority:

1. Conduct a public hearing in accordance with the California Health and Safety Code Section 34312.3 for the conveyance of 2550 Fourteenth Street to Path of Life Ministries, Inc., for the sum of \$1;
2. Approve a Disposition and Development Agreement with Path of Life Ministries, Inc. for the sale of Housing Authority property located at 2550 Fourteenth Street for \$1 for the development of a single-family cottage home and an accessory dwelling unit; and
3. Authorize the Executive Director, or his designee, to execute the Disposition and Development Agreement with Path of Life Ministries, Inc., including making minor and non-substantive changes.

That the City Council:

1. Approve an Agreement for the Payment of Development and Regional Impact Fees for the Construction of Permanent Supportive Housing with Path of Life Ministries to provide \$60,000 of Measure Z funds to cover impact fees;

2. Authorize the City Manager, or his designee, to execute the Agreement for the Payment of Development and Regional Impact Fees for the Construction of Permanent Supportive Housing with Path of Life Ministries, Inc., including make non-substantive changes; and
3. Authorize the expenditure of up to \$60,000 from Measure Z Fund CD-Homeless Services Professional Services Account No. 8002001-421000 to cover impact fees related to the development of a single-family house and accessory dwelling unit located at 2550 Fourteenth Street.

COMMITTEE RECOMMENDATION:

The Development Committee met on October 17, 2019, with Chair Gardner, Vice Chair Perry, and Member Mac Arthur present, to recommend to the City Council and Housing Authority Boards approval of the 2550 Fourteenth Street proposal from Path of Life, Inc., facilitate the acquisition of land and construction of a small single family house and accessory dwelling unit on .16 acres of land located at 2550 14th Street.

After discussion, the Committee unanimously voted to recommend that the City Council and Housing Authority Board approve the Committee's recommendation.

BACKGROUND:

The former Redevelopment Agency purchased 5,532 sq. ft. of land located at 2550 Fourteenth Street in 2006 for a single-family housing development and the property was transferred to Housing Authority after the Redevelopment Agency's dissolution in 2012. The lot will be reduced to 4,613 sq. ft. after the mandated street dedication along Fourteenth Street has been completed.

In August of 2019, the Housing Authority received an over-the-counter proposal from Path of Life ministries, Inc., who proposed constructing one small housing unit and an accessory unit on the very narrow lot located at 2550 Fourteenth Street. The house and accessory unit conform to the site's R-1-7000 and Mid-Density-Residential General Plan zoning. The homes would be constructed by K&S Construction and financed as a community project by the Harvest Church. Path of Life Ministries, Inc. requested that the Housing Authority write down the land to \$1 and offer a fee offset of no more than \$60,000 which is the remaining funding allocation previously approved by the City Council for the completed Grove Community Church project.

DISCUSSION:

Under the Disposition and Development Agreement (DDA), Path of Life Ministries, Inc. (Path) will be required to:

1. Develop a single-family cottage home and an accessory dwelling unit to be rented to persons earning at-or below 50% of area median income (AMI);
2. Create a Bungalow style elevation with one 2-bedroom (500 sq. ft.) and one 1-bedroom units;
3. Refer tenants from the Riverside County Continuum of Care Coordinated Entry with a City of Riverside local preference; and
4. Sign a 55-year affordability covenant to be recorded against the property.

Proposed Financing

As proposed, Path will purchase property located at 2550 Fourteenth Street (Attachment A – Site Map) from the Housing Authority at a discounted value of \$1. The site 4,613 sq. ft. development site, net land after the required street dedication, is valued at \$7/ sq. ft. in the current market and would have an approximate value of \$32,291, which represents a land write down of \$32,290.

The proposed sources and uses of funds are as follows, although it is expected that these estimates and sources of funds may change as the project continues in its development cycle:

Uses of Funds	
Land Acquisition and Closing Costs	\$3,500
Construction (950 sq. ft. @ \$95 per sq. ft.) (w/ 20% State Prevailing Wage)	\$108,300
Onsite/Offsite (4,613 sq. ft. @ \$17)	\$78,421
Professional Fees/Soft Costs (@ 4.5%)	\$4,873
School Fees (950Sq. Ft. x \$4.10)	\$3,895
Permit Fees	\$19,450
Contingency (@ 5% of Hard Costs)	\$5,415
Contractor Fee (@8% of hard costs)	\$8,664
Total Development Cost	\$232,518

Sources of Funds	
Housing Authority Land Purchase	\$1
Measure Z Grant	\$60,000
Harvest Church	\$100,000
Community Donations	\$72,518
Total Development Cost	\$232,518

On March 11, 2020 the Housing Authority issued a Notice of Availability for its excess housing land inventory pursuant to Assembly Bill 1486. Interest in the Housing Authority’s properties was required by April 13, 2020. The Housing Authority received four proposals pursuant to the Notice. Path of Life resubmitted a project proposal per the AB1486 notice. On June 2, 2020 the

City Council approved the AB1486 disposition process, allowing the currently contemplated project to move forward.

FISCAL IMPACT:

Measure Z funds contemplated in this report are the remaining funds from the completed Grove Community Church housing project that was approved by the City Council on June 19, 2018. The \$60,000 impact fee offset is allocated in Measure Z Fund CD-Homeless Services Professional Services Account No. 8002001-421000. The Housing Authority land is being written down by \$32,290.

Prepared by:	Michelle Davis, Housing Authority Manager
Certified as to availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Moises Lopez, Deputy City Manager
Approved as to form:	Kristi J. Smith, Interim City Attorney

Attachments:

1. Site Map
2. Site Design
3. Disposition and Development Agreement
4. Agreement for the Payment of Development and Regional Impact Fees for the Construction of Permanent Supportive Housing