

Development Committee Memorandum

City of Arts & Innovation

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: JUNE 21, 2018

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 7

SUBJECT: DEVELOPMENT PROPOSAL FROM THE NORTHTOWN HOUSING, INC. FOR A HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN IN THE AMOUNT OF \$354,726 FOR THE ACQUISITION AND CONSTRUCTION OF TWO SINGLE-FAMILY HOMES ON 0.19 ACRES OF HOUSING AUTHORITY OWNED PROPERTY LOCATED AT 11502 ANACAPA PLACE AND APN# 141-173-0136 - DIRECT SUBMITTAL

ISSUE:

Recommend the City Council and Housing Authority Board to approve the development proposal from the Northtown Housing, Inc. for a HOME Investment Partnerships Program loan in the amount of \$354,726 for the acquisition and construction of two single-family homes on Housing Authority owned property located at 11502 Anacapa Place and APN# 141-173-0136.

RECOMMENDATION:

That the Development Committee recommend to the City Council and Housing Authority Board approval of development proposal from Northtown Housing, Inc. for a HOME Investment Partnerships Program loan in the amount of \$354,726 for the acquisition and construction of two single-family homes on Housing Authority owned property located at 11502 Anacapa Place and APN# 141-173-0136

BACKGROUND:

The Housing Authority purchased the land at 11502 Anacapa Place and APN# 141-173-0136 with Neighborhood Stabilization Program funds as the property was foreclosed upon by U.S. Bank in 2009. In accordance with NSP regulations, the property must be developed for affordable housing with 55 year affordability covenants.

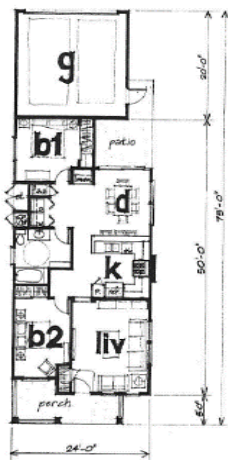
DISCUSSION:

On March 8, 2017, the Housing Authority issued a Request for Proposal for the development of 11502 Anacapa Place and APN 141-173-036 (Site). The Housing Authority received three responses to the RFP. These proposals were reviewed and scored based on project concept, experience and qualification, financial strength, project readiness and development schedule, and affordability. Housing Authority conducted subsequent interviews with the developers. Northtown Housing, Inc.'s proposal was identified as the most responsive to the RFP.

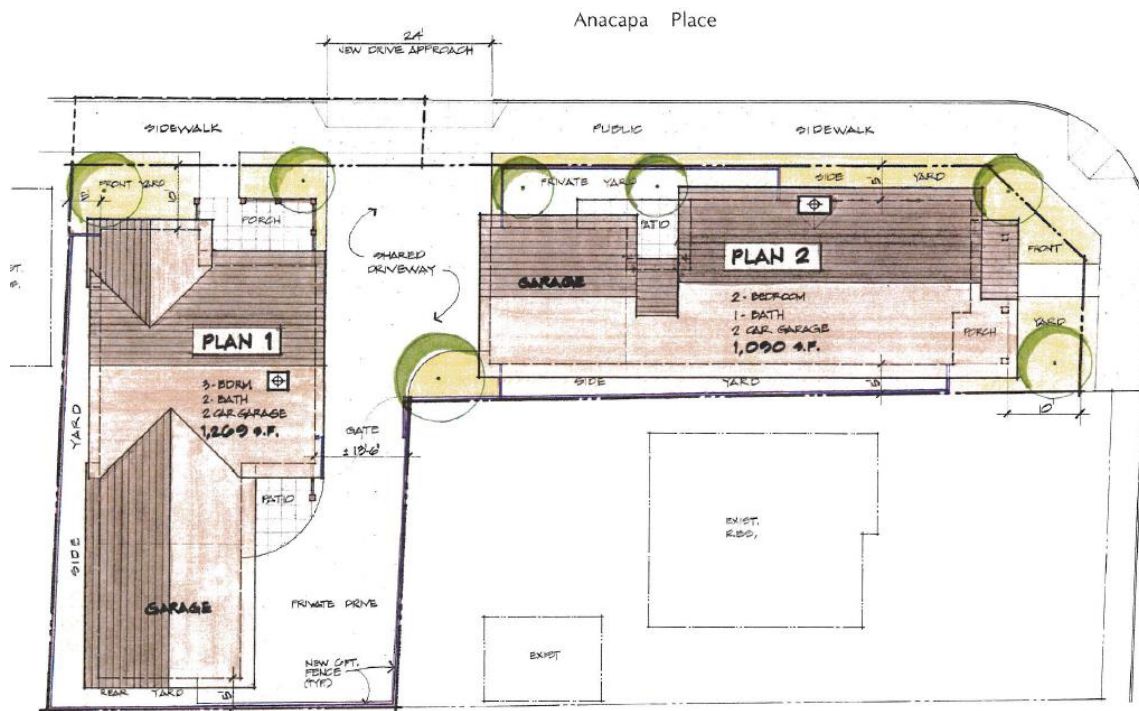
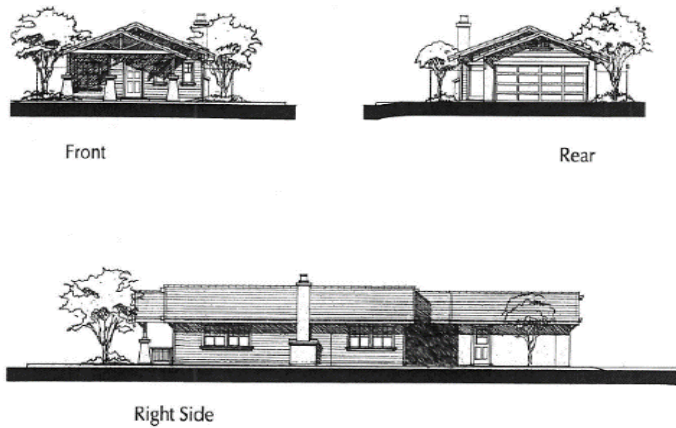
Development Proposal:

1. Northtown Housing, Inc. has proposed the following project as its response to the RFP.
2. Development of two single-family homes to be sold to persons earning at-or below 80% of area median income (AMI);
3. Craftsman style elevations; and
4. 2-and-3 bedroom floor plans.

A proposed site schematic and site elevations are presented below.



Floor Plan
Plan 2
1,090 s.f.



Proposed Financing

As proposed, Northtown Housing, Inc. will purchase the Site from the Housing Authority at a discounted value of One Dollar (\$1). The Site is currently valued at approximately \$57,932. In addition, Northtown Housing Inc. is requesting \$354,726 of City HOME Investment Partnerships (HOME) Program funds for the development of the Site. The estimated development cost is \$632,878.

Uses of Funds	
Land Acquisition and Closing Costs	\$12,001
Construction	\$488,377
Professional Fees/Soft Costs	\$76,500
Developer Fee	\$56,000
Total Development Cost	\$632,878

Sources of Funds	
Bank Loan	\$253,151
State Affordable Housing Program	\$25,000
City HOME Loan	\$354,726
Northtown Housing, Inc.	\$1
Total Development Cost	\$632,878

Each home will carry a “silent second” note made up of the difference between what the single-family property appraises for and the mortgage the homebuyer can qualify for (30% of the household’s monthly income contributed towards principal, interest, property taxes and insurance). The note will run concurrent with affordability restrictions for a period of 55 years for NSP and 15 years for HOME.

The Community & Economic Development Director concurs.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. The \$354,726 in federal HOME Investment Partnerships Program funds are available in the HOME Unprogrammed Funds Account 2835200 - 453001 to provide Northtown Housing with a development loan.

Prepared by:	Emilio Ramirez, Office of Homeless Solutions Director
Certified as to availability of funds:	Adam Raymond, Chief Financial Officer/City Treasurer
Approved by:	Alexander T. Nguyen, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Presentation
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