



Development Committee Memorandum

City of Arts & Innovation

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: JULY 19, 2018

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 6

SUBJECT: DEVELOPMENT PROPOSAL FROM NATIONAL COMMUNITY RENAISSANCE, INC. FOR THE ACQUISITION AND CONSTRUCTION OF THIRTY-FOUR SINGLE-FAMILY HOMES ON 3.75 ACRES OF HOUSING AUTHORITY-OWNED PROPERTY LOCATED AT 4350 LA SIERRA AVENUE

ISSUE:

Recommend to the Housing Authority Board to approve the development proposal from National Community Renaissance, Inc. for the acquisition and construction of thirty-four single-family homes on 3.75 acres of Housing Authority-owned property located at 4350 La Sierra Avenue.

RECOMMENDATION:

Recommend to the Housing Authority Board approval of a development proposal from National Community Renaissance, Inc., for the acquisition and construction of thirty-four single-family homes on 3.75 acres of Housing Authority-owned property located at 4350 La Sierra Avenue.

BACKGROUND:

The Housing Authority purchased the land located at 4350 La Sierra Avenue from the Good News Church in 2010 to facilitate the development of an affordable senior housing project being proposed by The East Los Angeles Community Union (TELACU). TELACU submitted a federal HUD 202 grant application for the proposed project and did not receive funding. Shortly thereafter, the federal government eliminated funding for the HUD 202 grant program.

In 2012, Redevelopment was eliminated by the State of California and Senate Bill 107 prohibited Housing Successor Agencies from funding further affordable senior housing units if the jurisdiction within the previous 10 years exceeded 50 percent of the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor. Sixty-three percent of the City of Riverside affordable housing deed-restrictions is for senior housing units. Therefore, the Housing Authority is not able to develop the property with senior housing.

On May 9, 2014, Request for Proposal (RFP) 14-02 was issued for the development of a residential community. The Housing Authority received three proposals and Meta Housing "Citrus" proposal was identified as the top responder. Meta Housing presented their proposal to the members of the community and the proposal was not considered for future development due to neighborhood opposition.

On April 30, 2015, RFP 15-02 was issued for the development of a for sale residential community. The Housing Authority received two proposals and Mark Erickson Community Housing's "Villas at La Sierra" single family housing project was identified as the top responder. The project failed to move forward (project withdrawn by the developer) due to the recession and unreconciled project funding gaps.

On August 9, 2017, the Housing Authority issued RFP 17-04, requesting an affordable housing community with an integrated vocational component. The Housing Authority received two responses to the RFP, and vetted the proposal with a committee formed of Housing Authority and Planning staff members and two members from the neighborhood immediately adjacent to the project site. National Community Renaissance, Inc.'s (National CORE) proposal was identified as the most responsive to the RFP and most in keeping with the development patterns of the existing neighborhood. National CORE proposed a 32-unit single family homeownership complex with 1,785 to 2,142 sq. ft., homes of Spanish and Mission designed houses arranged on a cul-de-sac pattern. Interspersed in the project are seven (7) units of homeownership opportunities available to families earning at-or-below 80% of the Area Median Income (or incomes of \$53,900 or below for a family of four in 2018).

On December 7, 2017, National CORE met with community members at the La Sierra Senior Center to present their affordable housing development proposal. Comments were received regarding mitigation of building height and parking.

In March of 2018, staff was notified by National CORE that they believed the City mandated parking requirements (between 30-80 spaces depending on configuration) needed for the vocational element of the project would reduce the number of housing units and create a funding gap. Staff requested National CORE to reexamine the proposal's viability while remaining in the spirit of RFP 17-04. Upon consulting with the Planning Division, staff concluded that the deletion of the vocational element was in the best interests of the project design, traffic flow, and walkability for the potential residents. National CORE was notified to redesign the project without the vocational element. National CORE redesigned the project to include 34 housing units, keeping the same design elements and seven (7) affordable units. Additional buffer and a common area were added to the project design. The attached revised site proposal was presented to community members on April 26, 2018 where comments were received regarding parking lanes, units that were too large, and fire access.

DISCUSSION:

National CORE proposes a 34-unit homeownership project with seven (7) affordable units. Access to the site would be from La Sierra Avenue through redesigned street medians so that traffic is directed appropriately to/from the project. The access to Good News Church (currently on Housing Authority property) would be separated from the project and redesigned to ease access for parishioners as a cost to the project. The site would be designed as tight cul-de-sacs that maximize residential and common area space.

Project exteriors would be of a Mission and Spanish architecture, with representations presented below. A barbeque area and child play area would be offered as project amenities.



Spanish



Bungalow



Spanish



Bungalow

Proposed Financing

As proposed, National CORE will place into escrow the fair market value of the project site, currently estimated at \$1.4 million. When the project is constructed, National CORE's home ownership affiliate Neighborhood Partnerships Housing Services (NPHS) will make the land sale proceeds available to buyers of the seven affordable units as "silent second" loans. The Housing Authority will receive a Promissory Note and Deed of Trust for the land sale proceeds. There is no additional subsidy required from the Housing Authority for project completion under the current pro forma.

The Housing Authority would receive affordability covenants for 45 years on all affordable units. If sold during the affordability period, affordable units would participate in a tiered "recapture" of funds that would allow the Housing Authority to recycle proceeds from home sales to the next homebuyer. It is estimated that market rate units will sell for approximately \$450,000 while affordable owners will pay approximately \$225,000 with "silent second" assistance of an additional \$225,000 provided with project capital through NPHS. The estimated total development cost for the proposed project is approximately \$12 million.

The Interim Community and Economic Development Director concurs with the recommendations.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. The Housing Authority will receive a Promissory Note for the approximately \$1.4 million in land sale proceeds which will be recycled into "silent second" loans to assist the seven affordable homebuyers.

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

Attachments:

1. Site Plan
2. Presentation