

# Development Committee Memorandum

City of Arts & Innovation

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**TO: DEVELOPMENT COMMITTEE MEMBERS                      DATE: OCTOBER 17, 2019**

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

**SUBJECT: HOUSING FIRST - DEVELOPMENT PROPOSAL FROM PATH OF LIFE, INC.,  
FOR THE ACQUISITION AND CONSTRUCTION OF HOUSING AUTHORITY-  
OWNED PROPERTY LOCATED AT 2550 FOURTEENTH STREET, IDENTIFIED  
AS ASSESSOR PARCEL NUMBER 221-084-015, FOR ONE SINGLE-FAMILY  
COTTAGE HOME AND ACCESSORY DWELLING UNIT – DIRECT SUBMITTAL**

**ISSUE:**

Approve a development proposal from Path of Life, Inc., for the acquisition of 0.16 acres of Housing Authority-owned property located at 2550 Fourteenth Street, identified as Assessor Parcel Number 221-084-015, for the construction of one single-family cottage home and an accessory dwelling unit to be made available as permanent Supportive Housing available to residents earning at-or-below 50% of the Area Median Income (of \$35,900 for a family of four in 2019).

**RECOMMENDATION:**

That the Development Committee:

1. Recommend to the City Council and Housing Authority Board approval of a development proposal from Path of Life, Inc., for the acquisition of 0.16 acres of Housing Authority-owned property located at 2550 Fourteenth Street, identified as Assessor Parcel Number 221-084-015, for the sum of \$1; and
2. Recommend to the City Council and Housing Authority Board the reallocation of an amount not to exceed \$60,000 from Measure Z funds previously allocated to The Grove Church project as fee remission to facilitate construction of one single-family cottage and one accessory dwelling unit serving Permanent Supportive Housing clients.

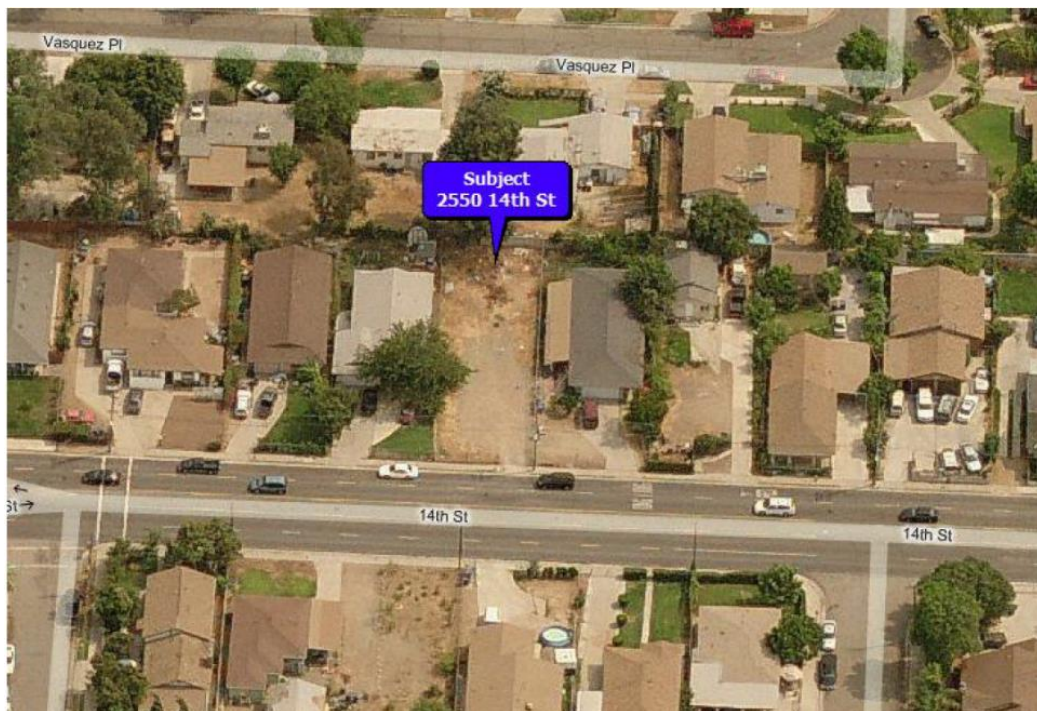
**BACKGROUND:**

In 2006, the former Redevelopment Agency (RDA) purchased 5,532 square feet of land located at 2550 Fourteenth Street for single family housing development. The property was transferred to the Housing Authority after the dissolution of RDA in 2011. The lot will be reduced to 4,613 square feet following a mandated street dedication along Fourteenth Street. Both the main house and the accessory dwelling unit will be made available to clients assessed through

Riverside County's Continuum of Care system, with preference given to local clients. Both units will remain affordable housing with 55-year affordability covenants.

In August 2019, the Housing Authority received a proposal from Path of Life, Inc., to construct one small housing unit and an accessory dwelling unit on a lot located at 2550 Fourteenth Street. The house and accessory dwelling 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, Inc., requested that the Housing Authority write down the Property to the sum of \$1 and offer a fee offset of no more than \$60,000, which is the remaining funding allocation previously approved by the City Council on June 19, 2018, for the completed Grove Community Church project.

The following is an aerial view of the Property.



## **DISCUSSION:**

Path of Life, Inc., has submitted the following proposal:

1. Development of one 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. Bungalow style elevations; and
3. One 2-bedroom and one 1-bedroom, 500 and 450 square foot floor plans.

A proposed site design is attached to this report.

**Proposed Financing**

Path of Life, Inc., proposes to purchase the site from the Housing Authority at a discounted value of \$1. The 4,613 square foot development site is valued at \$7 per square foot, which in the current market has an approximate value of \$32,291, representing a land write down of \$32,290. The estimated development cost is \$232,518.

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
<b>Total Development Cost</b>	<b>\$232,518</b>

Sources of Funds	
Housing Authority Land Purchase	\$1
Measure Z	\$60,000
Harvest Church	\$100,000
Community Donations	\$71,518
<b>Total Development Cost</b>	<b>\$232,518</b>

**FISCAL IMPACT:**

There is no fiscal impact to the General Fund associated with this report. Sufficient funding in the amount of \$60,000, which will be used to facilitate construction, is available in Office of Homeless Solutions Measure Z account number 8002001-421000. The remainder of the costs associated with this development project will be financed by Harvest Church and community donations.

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

Attachment: Site Design