

Housing Authority Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND HOUSING DATE: DECEMBER 17, 2019

AUTHORITY MEMBERS

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 7

SUBJECT: FIRST AMENDMENT TO THE PURCHASE OPTION AGREEMENT WITH

NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES TO EXTEND THE TERM FOR 90 DAYS FOR A PROPOSED 22-UNIT PERMANENT SUPPORTIVE HOUSING COMMUNITY LOCATED ON HOUSING AUTHORITY OWNED

PROPERTY AT 11049 BOGART AVENUE

ISSUE:

Approve a First Amendment to the Purchase Option Agreement with Neighborhood Partnership Housing Services to extend the term for 90 days to facilitate an application to the State Multifamily Housing Program for a development loan to fund a 22-unit Permanent Supportive Housing community being proposed on Housing Authority owned property located at 11049 Bogart Avenue (APN # 146-182-080) in the La Sierra Neighborhood.

RECOMMENDATIONS:

That the Housing Authority:

- Approve the attached First Amendment to the Purchase Option Agreement with Neighborhood Partnership Housing Services, extending the term for 90 days to facilitate an application to the State Multifamily Housing Program to fund the development of a 22unit Permanent Supportive Housing project on Housing Authority owned property located at 11049 Bogart Avenue that would serve very low-income individuals; and
- 2. Authorize the Executive Director, or his designee, to execute the First Amendment to the Purchase Option Agreement, including making minor and non-substantive changes.

BACKGROUND:

The State of California's Multifamily Housing Program (MHP) is an affordable housing production program that complements state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families.

On March 14, 2019 the Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services (NPHS) to build 15 tiny cottages plus a small office building on Housing Authority-owned property located at 11049 Bogart Avenue in the La Sierra Neighborhood; a community that would provide housing for chronically homeless individuals

coupled with case management. Upon consultation with the Planning Division, the proposed community was expanded to 23 units (22 affordable and one unrestricted managers unit) as shown in the Proposed Site Schematic attached as Exhibit B.

The mission of the proposed community would be to provide access to stable affordable housing; provide case management and supportive services based on clients' needs; and to assist clients with graduating into permanent housing.

NPHS is applying for MHP loan funds to support the project and would be the recipient of these funds. The Housing Authority would potentially sell 11049 Bogart Avenue pursuant to a separate noticed hearing before the Housing Authority Board, which would occur only if MHP funds are awarded.

DISCUSSION:

In August of 2019, the Housing Authority approved a Purchase Option Agreement with NPHS to facilitate development of the 22 Permanent Supportive Housing units at 11049 Bogart Avenue. To build a stronger funding application, NPHS decided to delay their application to the MHP program until the first funding round of 2020. The extra time was used to answer entitlement questions related to a potential project, and to develop housing tax credit funding scenarios that would be used in conjunction with MHP to finance the community.

Public Outreach:

On November 7, 2019, a community meeting was held at the La Sierra Senior Center to share information on the proposed project and to receive community input. This project site has also been approved as a Housing First site in the City's Housing First Plan, which was approved by City Council on March 13, 2018 and was subject to public outreach.

FISCAL IMPACT:

There is no fiscal impact associated with this report. If the MHP funds are awarded, staff will return to the Housing Authority to request approval to write down the value of the property located at 11049 Bogart Avenue from the current valuation of \$165,530 (or 33,106 Sq. Ft., at a neighborhood residential land value of \$5.00 Per Sq. Ft.) to \$1.00 in order to make the project financially feasible.

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: Gary G. Geuss, City Attorney

Attachments:

- 1. First Amendment to Purchase Option Agreement
- 2. Proposed Site Schematic (23-units)